

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF ORANGE CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

Prepared by the
Office of the City Administrator
Earl Woudstra, City Administrator

**CITY OF ORANGE CITY, IOWA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2020
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December 22, 2020

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Orange City:

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Williams & Company, Certified Public Accountants, have issued an unmodified opinion on the City of Orange City's financial statements for the year ended June 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Orange City incorporated in 1884, is located in the Northwest corner of the State of Iowa and is the county seat of Sioux County. The City of Orange City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Orange City operates under the council-administrator form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and five Council members. The Council appoints the government's administrator, who in turn appoints the heads of the various departments with council approval. Council members serve four-year terms. The mayor is elected for a two-year term. The council members are elected on a staggered basis.



The City Administrator has operating responsibilities for all City functions excluding the Hospital.

The City of Orange City provides a full range of Municipal services which includes police and fire protection; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; general administration and medical care facilities. The City of Orange City also owns and operates the electric, water, sewer, and natural gas utilities. The City of Orange City also is financially accountable for a legally separate hospital board, and golf course board of which is reported separately within the City of Orange City's financial statements. Additional information on the municipal hospital and golf course can be found in the notes to the financial statements.

The Council is required to adopt a final budget by no later than March 31st. This annual budget serves as the foundation for the City of Orange City's financial planning and control. Iowa budget law requires the adoption of legal budgets for expenditures on a program basis. Although the budget document presents program expenditures by fund, the legal level of control is at the aggregated program level not at the fund level.

Local Economy

Orange City is located in Sioux County in the northwest portion of Iowa, which is noted for its excellent cropland and livestock production numbers. Industry plays a big part in Orange City's economic condition with the biggest three employers being Staples, Inc., an advertising and promotional products manufacturer, Smithfield, Inc., a pet food producer, and Diamond Vogel Paint and Wax, a full line paint manufacturer.

Fiscal year 2019-2020 was another great year for the community of Orange City. Many exciting trends and projects are taking place that continue to improve the quality of life for its citizens.

The city entered into an agreement with Eagle Construction. They started construction on a new apartment complex consisting of apartments and town homes. The development is called Hillcrest Apartments, which will have ninety-two units of apartments and 12 units of town homes. These will consist of one-, two- and three-bedroom units.

The City of Orange City plays an important part in the community growth, which will continue with active participation in the planning process of our community.

Long-Term financial planning

Management of the City of Orange City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The general fund falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 42 and 50 percent of total general fund revenues). Following its recent review of the City of Orange City's strategic plan, the Council plans on keeping the percentage the same for the following year, this will reduce the amount that will be needed to borrow to finance future construction.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its comprehensive annual financial report (CAFR) for the year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire office staff. We wish to express our appreciation also to all our City employees for their dedication to making city services the best. Credit also must be given to the Honorable Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Orange City's finances.

Respectfully submitted,



Earl Woudstra
City Administrator



Kent Anderson
Finance Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Orange City
Iowa**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

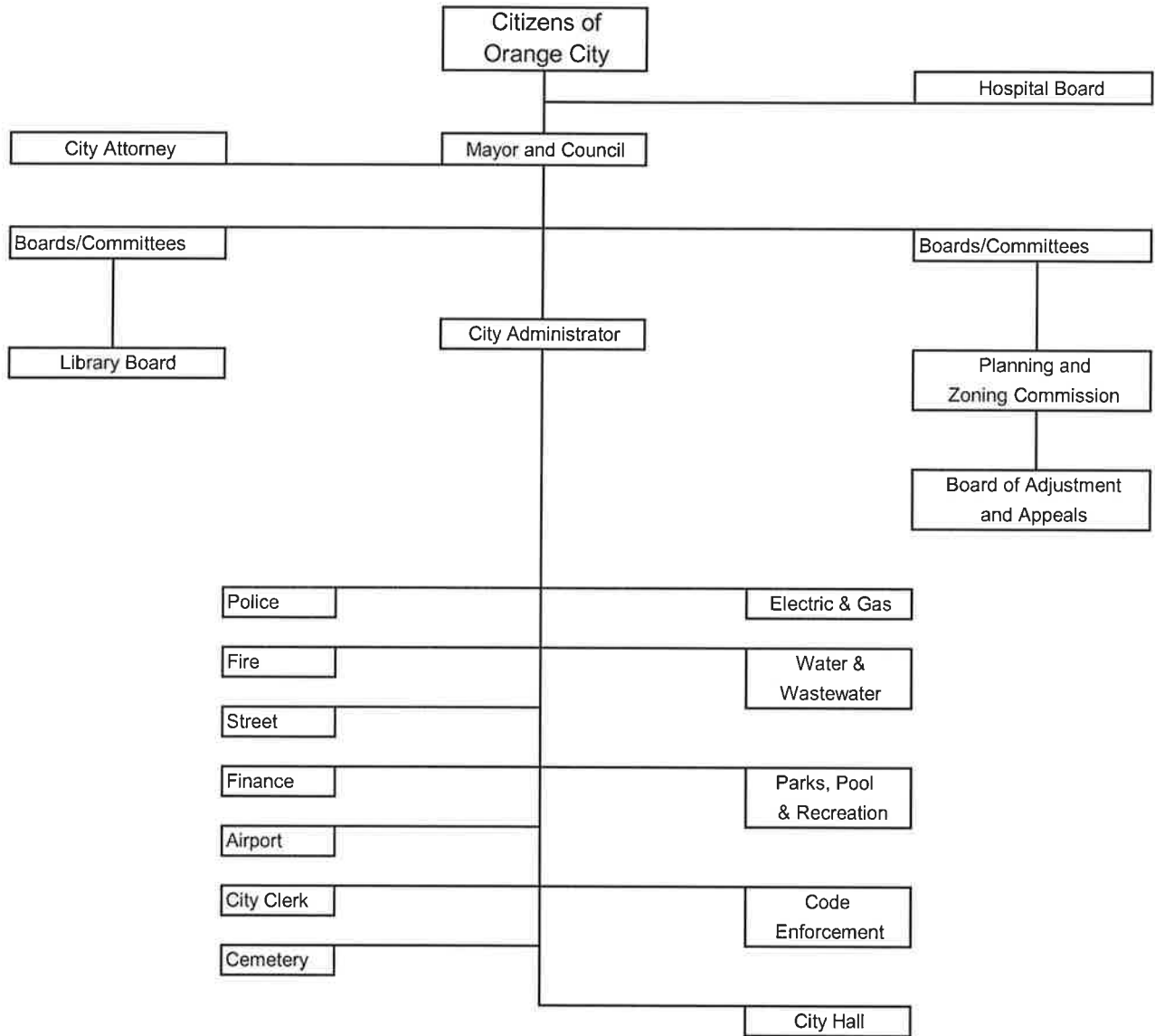
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

CITY OF ORANGE CITY, IOWA

ORGANIZATIONAL CHART



DIRECTORY OF CITY OFFICIALS

ELECTED CITY OFFICERS

MAYOR

Deb DeHaan

COUNCIL MEMBERS

Aaron Beadner
Rod DeBoer
Daron DeJong
Steve Roesner
Tony Vande Brake

HOSPITAL TRUSTEES

Tim Zeutenhorst, Chairman
Brenda Richardson, Vice Chairman
Jerry Henrich, Secretary
Russ Adams
Kathy Alons
Chris Immeker
Wade Hofland

APPOINTED CITY OFFICERS

Earl Woudstra
City Administrator

Brad DeJong
City Attorney

APPOINTED BOARDS AND COMMISSIONS

ZONING BOARD OF APPEALS

Gary Cleveringa, Chairman
John Kooiman, Vice-Chairman
Jamie Valentine
Arlin Smit
Ben Van Engelenhoven

LIBRARY BOARD OF DIRECTORS

Kay Joiner, President
Jared Weber, Vice-President
Micah Bilby, Secretary/Treasurer
John Buntsma
Sue Kroesche
Anne Mead
Cary Valdes

PLANNING AND ZONING COMMISSION

Mark Lundberg, Chairman
Dale Pluim, Vice-Chairman
Scott Heemstra
Terry Hofmeyer
Joe Ivy
Rhonda Moret
Joe Poppema

ARTS COUNCIL

Aaron Beadner
Char Ten-Clay, President
Sharon Vermeer, Vice-President
Dave Klennert, Secretary
Joanne Gamble, Treasurer
John Buntsma
Mary Fernow
Diana Gonzalez
Terry J. Mouw
Jess Kuehl, Interm Executive Director

FIRE DEPARTMENT

Seth Bents
Breckin Bomgaars
Paul Brentlinger
Brandon DeKock
Brian De Kock
Michael Dekker
Kevin Dekker
Mike Dorr
Aaron Dykstra
David Dykstra
Josh Dykstra
Michael Dykstra
Jess Enquist
Chad Hase
Kyle Heemstra
Jayden Hiemstra
John Heller
Al Jeltema
Riley Jeltema
Kevin Lopez
Ann Lundberg
Josh Meis
Noah Minnick
Andrew Null
Mitchell Phomphakdy
Mike Ritz
Andrew Roghair
Dan Roghair
Lee Roghair
Matt Saltsgiver
Dan Schram
Dennis VanderWel, Chief
Brent Van Leeuwen

CITY PERSONNEL

ADMINISTRATION

Kent Anderson
Janet Brown
Kurt Frederes
Mark Gaul
Barb Ramsey
Wes Ruden
Matt Van Schouwen
Mary Wichers
Earl Woudstra

Finance Officer
City Clerk
Code Officer
Community Development Director
Billing Clerk
Event Center Manager
Public Works Director
Receptionist/Secretary
City Administrator

POLICE DEPARTMENT

Jim Pottebaum
Duane Hulstein
Audley DeJong
Bruce Jacobsma
Trey Niemyer
Chad Van Ravenswaay
Darren Wielenga

Chief of Police
Investigator
Police Officer
Police Officer
Police Officer
Police Officer
Police Officer

STREET DEPARTMENT

Luke Horkey
Don Snieder
Randy Van De Griend

Street Crewman
Street Crewman/Mechanic
Street Foreman

PARKS AND RECREATION

Mitch Aalbers
Brian Goslinga

Director
Park Maintenance

MUNICIPAL BUILDINGS

Bill Van Marel Jr.

Custodian

UTILITIES

Mike Anema
Ed DeJong
Alan DeJong
Ben Junkers
Todd Klein
Michael Klootwyk
Josh Krammer
Kirk Maasdam
Dave Sassman
Shane Schwarz
Zach Wielenga

Electric Line Maintenance Worker I
Gas Utility Foreman
Electric Department Foreman
Electric Line Maintenance Worker II
Water & Wastewater Operator
Electric Journeyman Lineman
Water & Wastewater Operator
Water & Wastewater Foreman
Water & Wastewater Operator
Gas Utility Crewman
Electric Line Maintenance Worker II

HOSPITAL

Marty W. Guthmiller
Dina Baas

Administrator
Chief Financial Officer

LIBRARY

Lisa Johnson

Administrator

INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Orange City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange City Area Health System, (a discretely presented component unit), which statements reflect total assets and deferred outflows of \$77,694,090 and total program revenues of \$55,893,177 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Orange City Area Health System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 17 to the financial statements, hotel/motel tax revenues and governmental asset deletions were not recorded in the prior year financial statements. It was also determined that accumulated depreciation in the water utility fund was overstated in the prior year. These amounts have been corrected on the accompanying financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City's Contributions to Iowa Public Employees' Retirement System and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 12 through 24 and 72 through 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020 on our consideration of the City of Orange City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Orange City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orange City's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 22, 2020

Management's Discussion and Analysis

June 30, 2020

This discussion and analysis of the City of Orange City financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2020. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report, as well as the separately issued financial statements of Orange City Area Health System and Orange City's Municipal Golf Association, discretely presented component units of the City.

Financial Highlights

- The assets and deferred outflows of resources of the City of Orange City exceeded liabilities and deferred inflows of resources at June 30, 2020 by \$50,539,788. Of this amount, \$6,678,494 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by \$ 3,210,567 during the year. Of this amount, the governmental activities increased by \$1,839,549 and the net position of our business activities increased by \$ 1,371,018.
- The City's governmental activities long-term debt decreased \$ 1,540,000 during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. An additional part of the basic financial statements are the Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The government-wide statements report information about the City as a whole using accounting methods similar to those used by the private sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenue and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

These statements include all assets and liabilities using the accrual basis of accounting, which is very similar to the method of accounting used by the private-sector companies. These two statements report the City's net position, which is the difference between assets and liabilities, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and condition of the City's infrastructure, are also important in making this determination.

In the Statement of Net Position and the Statement of Activities, we have divided the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, such as Police, Fire, Public Works, and Parks departments, and general administration. Property Taxes finances most of these activities.
- **Business Type Activities** – The City charges fees to customers to cover the cost of these services. Included here are the City Electric, Water, Sewer, and Natural Gas funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds- not the City as a whole. Some funds are required to be established by State law or by bond requirements. The City Council also established funds to control and manage money for particular purposes (such as construction projects) and to show that it is properly using certain revenues (such as Sales Tax Revenues). The City has the following types of funds:

- **Governmental Funds** – Most of the City’s basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end are available for spending. These funds are reported using the “modified accrual basis” of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City’s general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.
- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government- wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

THE CITY AS TRUSTEE

Reporting the City’s Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

THE CITY AS A WHOLE

As stated earlier, net position may serve over time as a useful indicator of a government’s financial position. The largest part of the City’s net position reflects its investment in capital assets (land, buildings and improvements, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from the other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following comparative chart shows the changes in net position for the years ended June 30, 2020 and 2019.

	General Governmental Activities		Business-Type Activities	
	2020	2019 (Not Restated)	2020	2019 (Not Restated)
Current and Other Assets	\$ 9,426,165	\$ 10,068,429	\$ 11,444,671	\$ 11,371,990
Capital Assets	26,693,988	25,338,957	35,172,940	35,149,538
Total Assets	<u>36,120,153</u>	<u>35,407,386</u>	<u>46,617,611</u>	<u>46,521,528</u>
Deferred Outflows	341,242	405,166	145,590	154,525
Long-Term Liabilities Outstanding	13,340,822	14,870,746	11,642,441	12,452,666
Other Liabilities	1,107,836	936,349	1,776,805	2,314,066
Total Liabilities	<u>14,448,658</u>	<u>15,807,095</u>	<u>13,419,246</u>	<u>14,766,732</u>
Deferred Inflows	4,726,946	4,474,960	89,958	33,494
Net Position:				
Net Investment in Capital Assets	16,241,529	15,407,790	23,275,413	22,168,051
Restricted	2,534,566	2,326,682	1,809,786	1,931,597
Unrestricted	(1,490,304)	(2,203,975)	8,168,798	7,776,179
Total Net Position	<u>\$ 17,285,791</u>	<u>\$ 15,530,497</u>	<u>\$ 33,253,997</u>	<u>\$ 31,875,827</u>

	Totals	
	2020	2019 (Not Restated)
Current and Other Assets	\$ 20,870,836	\$ 21,440,419
Capital Assets	61,866,928	60,488,495
Total Assets	<u>82,737,764</u>	<u>81,928,914</u>
Deferred Outflows	486,832	559,691
Long-Term Liabilities Outstanding	24,983,263	27,323,412
Other Liabilities	2,884,641	3,250,415
Total Liabilities	<u>27,867,904</u>	<u>30,573,827</u>
Deferred Inflows	4,816,904	4,508,454
Net Position:		
Net Investment in Capital Assets	39,516,942	37,575,841
Restricted	4,344,352	4,258,279
Unrestricted	6,678,494	5,572,204
Total Net Position	<u>\$ 50,539,788</u>	<u>\$ 47,406,324</u>

This summary reflects an increase of 11.30% for the governmental net position and an increase of 4.32% in the business-type net position.

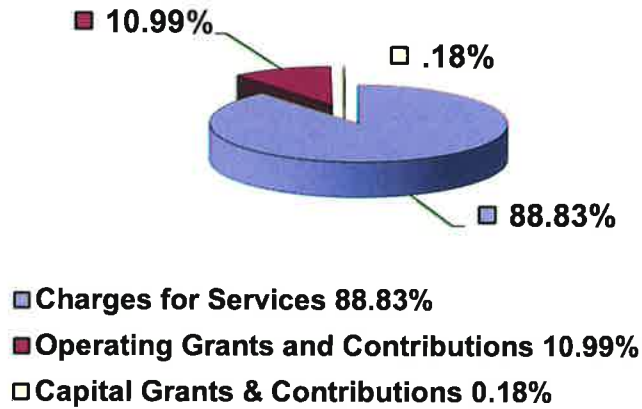
Total revenue reported in Fiscal 2020 was \$21,354,127. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2020 and 2019:

Revenue Source	General Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Program Revenues:				
Charges for Services	\$ 694,846	\$ 759,265	\$ 12,515,608	\$ 13,160,027
Operating Grants and Contributions	1,634,276	1,252,432	-	-
Capital Grants and Contributions	25,498	26,110	-	-
Total Program Revenues	2,354,620	2,037,807	12,515,608	13,160,027
General Revenues & Interfund Transfers:				
Property Taxes	4,637,798	4,394,724	-	-
Local Option Sales Tax	1,051,882	911,382	-	-
Interest	37,687	46,327	136,330	136,084
Gain on Sales of Assets	208,491	373,551	-	-
Miscellaneous	151,488	82,746	260,223	390,071
Total General Revenues	6,087,346	5,808,730	396,553	526,155
Interfund Transfers	(25,494)	(115,436)	25,494	115,436
Total General Revenues & Interfund Transfers:	6,061,852	5,693,294	422,047	641,591
Total Revenues & Interfund Transfers:	\$ 8,416,472	\$ 7,731,101	\$ 12,937,655	\$ 13,801,618

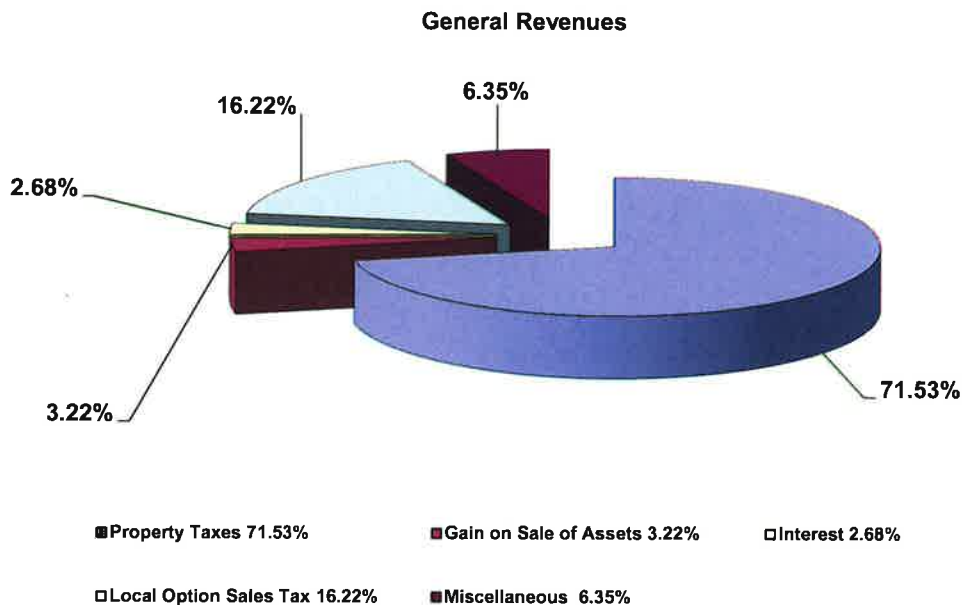
Revenue Source	Totals	
	2020	2019
Program Revenues:		
Charges for Services	\$ 13,210,454	\$ 13,919,292
Operating Grants and Contributions	1,634,276	1,252,432
Capital Grants and Contributions	25,498	26,110
Total Program Revenues	14,870,228	15,197,834
General Revenues & Interfund Transfers:		
Property Taxes	4,637,798	4,394,724
Local Option Sales Tax	1,051,882	911,382
Interest	174,017	182,411
Gain on Sales of Assets	208,491	373,551
Miscellaneous	411,711	472,817
Total General Revenues & Interfund Transfers:	6,483,899	6,334,885
Total Revenues & Interfund Transfers:	\$ 21,354,127	\$ 21,532,719

Program revenues totaled \$14,870,228 for fiscal year 2020. Governmental Activities provided \$2,354,620 and Business-Type Activities provided \$12,515,608. Revenue collected for Charges for Services during fiscal year 2020 was \$13,210,454, accounting for 88.83% of the total program revenues. The following chart breaks down program revenues by source:

Program Revenues



General Revenues and Interfund Transfers for fiscal year 2020 totaled \$ 6,483,899. Governmental Activities provided \$6,061,852 and Business-Type Activities provided \$422,047. Property Tax Revenues for fiscal year 2020 totaled \$4,637,798, accounting for 71.52% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for Fiscal 2020 totaled \$18,143,560. Expenses for Governmental Activities totaled \$6,576,923, accounting for 36.25% of total expenses. Business-Type Activity expenses totaled \$ 11,566,637, for 63.75% of the total.

The following table shows total expenses by Function/Program for FY 2020 and FY 2019:

	General Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Public Safety	\$ 1,158,235	\$ 1,106,146	\$ -	\$ -
Public Works	1,736,174	1,605,411	-	-
Culture and Recreation	1,885,121	1,869,376	-	-
Community & Economic Development	447,647	302,629	-	-
General Government	902,555	962,503	-	-
Debt Service	447,191	404,484	-	-
Sewer System	-	-	1,290,271	1,159,532
Water System	-	-	1,123,054	1,023,038
Electric System	-	-	7,529,566	7,488,064
Natural Gas System	-	-	1,623,746	2,019,069
Total Expenses	\$ 6,576,923	\$ 6,250,549	\$ 11,566,637	\$ 11,689,703

	Totals	
	2020	2019
Public Safety	\$ 1,158,235	\$ 1,106,146
Public Works	1,736,174	1,605,411
Culture and Recreation	1,885,121	1,869,376
Community & Economic Development	447,647	302,629
General Government	902,555	962,503
Debt Service	447,191	404,484
Sewer System	1,290,271	1,159,532
Water System	1,123,054	1,023,038
Electric System	7,529,566	7,488,064
Natural Gas System	1,623,746	2,019,069
Total Expenses	\$ 18,143,560	\$ 17,940,252

The following table shows the activities included within each program level:

<u>Program Level</u>	<u>Activity</u>
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning and Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the Waste Water Treatment Plant/Supply Distribution System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Electric System	Operation of Electric Plant/Supply Distribution System
Natural Gas System	Operation of Natural Gas Plant/Supply Distribution System

Governmental of Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$ 1,158,235 and received \$ 343,698 in revenue, thus leaving a cost to the taxpayer of \$ 814,537 to be funded by various methods. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, Fees
Public Works	Road Use Tax, Rent, Special Assessments
Culture and Recreation	Fees, State Aid
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was \$6,576,923. Of these costs, \$694,846 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions was \$ 1,659,774, leaving a Net Expense of \$4,222,303 for Governmental Activities. These expenses of were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail. The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	2020	2019
Governmental Activities:		
Public Safety	\$ (814,537)	\$ (898,173)
Public Works	(593,413)	(486,547)
Culture and Recreation	(1,490,013)	(1,457,718)
Community and Economic Development	(131,943)	(153,126)
General Government	(791,569)	(857,751)
Debt Service	(400,828)	(359,427)
Total Net (Expense) Revenue Governmental Activities	(4,222,303)	(4,212,742)
General Revenues	6,087,346	5,808,730
Excess (Deficiency) of revenues over expenditures	1,865,043	1,595,988
Interfund Transfers	(25,494)	(115,436)
Change in Net Position	\$ 1,839,549	\$ 1,480,552

Total resources available during the year to finance governmental operations were \$8,416,472 consisting of Net Position at July 1, 2019 of \$15,446,242, Program Revenues of \$2,354,620 and General Revenues and Transfers of \$6,061,852. Total Governmental Activities during the year expended \$6,576,923; thus, Net Position increased by \$1,839,549 to \$ 17,285,791.

Business Type Activities

Business Type Activities increased the City's net position by \$1,371,018.

The cost of all Proprietary Activities this year was \$11,566,637. As shown in the Statement of Activities, the amount paid by users of the systems was \$12,515,608 resulting in total Net Revenue for Business Type Activities of \$948,971. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue	
	2020	2019
Electric System	\$ 847,175	\$ 1,084,829
Water System	(132,622)	(73,419)
Sewer System	56,844	206,366
Natural Gas System	177,574	252,548
Total Net (Expense) Revenue Business-Type Activities	948,971	1,470,324
General Revenues	396,553	526,155
Excess (Deficiency) of revenues over expenditures	1,345,524	1,996,479
Interfund Transfers	25,494	115,436
Change in Net Position	\$ 1,371,018	\$ 2,111,915

Total resources available during the year to finance Proprietary Fund activities were \$12,937,655 consisting of Net Position at July 1, 2019 of \$31,882,979, Program Revenues of \$12,515,608 and General Revenues and Transfers of \$ 422,047. Total Proprietary Fund Activities during the year expended \$11,566,637; thus Net Position was increased by \$1,371,018 to \$ 33,253,997.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of \$3,665,780. The combined Governmental Funds balance decreased \$1,029,025 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General fund by \$17,036. The major reason for the decrease in fund balance is due to some expenditures that were budgeted in fiscal year 2019, but were expended during this fiscal year.

The Road Use Tax Fund is used to account for the collection and disbursement of state fuel tax dollars. During the year, revenues exceeded expenditures by \$59,477. This was a budgeted decision to help increase reserves for a future street project. The fund transferred \$751,234 to the general fund to help with street operations as well as a purchase of a snowblower.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt. During the year, revenues exceeded expenditures by \$12,434. This was a planned event during the fiscal year 2020 budget session.

The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for various public improvement projects. The TIF Fund balance decreased by \$66,643. This was due to construction of a new housing subdivision, which includes street, water and sewer.

General Fund Budgetary Highlights

Comparing the fiscal year 2020 original (adopted) city wide amount of \$72,089,071 to the final budget amount of \$77,141,821 shows a net increase of \$5,052,750.

The following table shows the government wide budget variances by program structure:

Expenses	Amended Budget	Actual	Variance
Public Safety	\$ 1,413,030	\$ 1,338,670	\$ 74,360
Public Works	1,287,387	1,274,021	13,366
Culture and Recreation	1,907,202	1,795,578	111,624
Community and Economic Development	602,650	447,989	154,661
General Government	765,192	763,270	1,922
Capital Projects	1,660,000	2,454,833	(794,833)
Debt Service	2,006,847	5,066,781	(3,059,934)
Business-Type Activities	67,499,513	67,961,381	(461,868)
Total Expenses	\$ 77,141,821	\$ 81,102,523	\$ (3,960,702)

During the year there was a \$5,052,750 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- \$402,750 supplemental appropriation to the fire department for such costs as for the purchase of a new fire truck and police training. We sent an officer to the State Academy for police officer training.
- \$105,000 supplemental appropriation to roadway maintenance, and airport, for such costs as equipment for a snowblower, and engineering costs for redevelopment of our airport, which is in the close out phase with the Federal Aviation Administration.
- \$45,000 supplemental appropriation to our general government for such costs as for improvements to city hall, special election and to conduct a search for new city manager hire.
- \$4,500,000 supplemental appropriation to our municipal hospital for under budgeting their operations for the year.

A part of the increase was possible because of additional revenues. Those revenues included additional hospital revenues, sale of fire equipment. The rest of the appropriations were paid with the fund balance from the general fund.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2020, was \$39,516,942 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2020 and 2019 are as follows:

	General Governmental Activities		Business-Type Activities	
	2020	2019	2020	2019
Land	\$ 107,500	\$ 52,510	\$ 338,849	\$ 364,701
Infrastructure	1,101,430	-	-	-
Buildings	-	-	25,948	23,197
Improvements-Other than Buildings	1,086,095	56,075	-	-
Equipment	550,875	340,019	304,654	369,944
Utility Plant	-	-	1,093,227	9,816,620
Construction in Progress	2,006,303	1,803,217	430,086	2,297,144
Total Gross Additions	\$ 4,852,203	\$ 2,251,821	\$ 2,192,764	\$ 12,871,606

	Totals	
	2020	2019
Land	\$ 446,349	\$ 417,211
Infrastructure	1,101,430	-
Buildings	25,948	23,197
Improvements-Other Buildings	1,086,095	56,075
Equipment	855,529	709,963
Utility Plant	1,093,227	9,816,620
Construction in Progress	2,436,389	4,100,361
Total Expenditures	\$ 7,044,967	\$ 15,123,427

Construction In Progress at June 30, 2020 for governmental activities consisted of costs associated with the Puddle Jumper Additions, 2018 & 2020 street projects, MOC-FV school project and streetlight project.

For Business-Type Activities, the Utility Plant addition consisted of costs associated with the water & sewer distribution system improvements.

See Note 6 to the financial statements for more information on the City's capital assets.

Debt Administration

At year-end the City had \$23,142,000 of debt outstanding. Of this amount, \$11,565,000 comprises debt backed by the full faith and credit of the government. The remainder of \$11,577,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 86% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt Outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$20,631,220. With outstanding General Obligation Debt applicable to this limit of \$11,565,000, we are utilizing 56.06% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

Economic Factors

The City of Orange City worked hard in FY 2020 to maintain a positive approach to growth and development. Continued progressive growth in the Orange City community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Orange City's economy continues to grow

The City still has street improvements high on their priority list. We did have another street project for this fiscal year. It is made up of approximately five blocks of new street. The new street is located on 5th Street NW and a portion of our downtown alley. The total cost of the project which includes street, water, sewer and storm sewer is around \$1,200,000.

The city also continued with their construction on new housing development called Puddlejumper 10th Addition. The development will have water, sewer, storm sewer and paving improvements. The development will have around twenty-five lots available for sale by spring of 2021.

In March 2020, the COVID-19 virus global pandemic began impacting the community. Management is carefully monitoring the situation and evaluating its options during this time.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have any questions about the report or need additional financial information, please contact the finance department at the City of Orange City, 125 Central Avenue SE, Orange City, IA 51041.

CITY OF ORANGE CITY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Orange City Area Health System	Orange City Muni. Golf Association
ASSETS					
Cash and Cash Equivalents	\$ 2,714,940	\$ 2,513,670	\$ 5,228,610	\$ 24,054,095	\$ 7,280
Investments	996,879	4,165,000	5,161,879	6,954,918	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	74,909	968,794	1,043,703	5,042,499	-
Taxes	72,350	-	72,350	-	-
Subsequent Year Taxes	4,508,544	-	4,508,544	-	-
Accrued Interest	28,021	91,664	119,685	22,060	-
Estimated Unbilled Usage	-	415,088	415,088	-	-
Special Assessments	30,451	-	30,451	-	-
Pledges Receivable	-	-	-	-	33,750
Notes Receivable	517,801	-	517,801	-	-
Due from Other Governmental Agencies	329,714	216,594	546,308	-	-
Inventories	14,640	1,210,625	1,225,265	579,696	30,831
Prepaid Assets	137,916	82,847	220,763	52,276	-
Other	-	-	-	2,880,771	-
Restricted Assets, Cash and Investments:					
Cash and Cash Equivalents	-	125,389	125,389	15,798	34
Revenue Bond Current Debt Service Account - Investments	-	550,000	550,000	-	-
Revenue Bond Future Debt Service Account - Investments	-	1,105,000	1,105,000	-	-
Land	1,223,956	4,905,216	6,129,172	1,897,439	-
Construction in Progress	2,099,964	773,322	2,873,286	37,588	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	23,370,068	29,494,402	52,864,470	30,710,924	1,787,376
Total Assets	36,120,153	46,617,611	82,737,764	72,248,064	1,859,271
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related Deferred Outflows	7,039	3,856	10,895	73,524	-
Pension Related Deferred Outflows	334,203	141,734	475,937	5,372,502	-
Total Deferred Outflows of Resources	341,242	145,590	486,832	5,446,026	-
LIABILITIES					
Accounts Payable	1,005,125	796,001	1,801,126	1,562,433	-
Accrued Wages	72,102	43,381	115,483	4,337,153	-
Accrued Expenses	-	37,627	37,627	481,596	6,334
Customer Deposits	-	32,748	32,748	-	-
Lease Deposit	-	-	-	186,361	-
Unearned Revenue	-	-	-	5,086,676	8,615
Accrued Interest	30,609	-	30,609	162,670	-
Payables from Restricted Assets:					
Accrued Interest	-	50,048	50,048	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds	-	817,000	817,000	1,571,942	-
General Obligation Bonds	1,305,000	-	1,305,000	-	-
Notes Payable	-	-	-	195,564	34,270
Compensated Absences and Benefits	44,961	33,427	78,388	-	-
Due in more than one year:					
Capital Lease	-	-	-	-	-
Revenue Bonds Payable	-	11,080,527	11,080,527	15,172,673	-
General Obligation Bonds	10,821,036	-	10,821,036	-	-
Notes Payable	-	-	-	896,288	141,142
Net Pension Liability	1,034,561	441,200	1,475,761	16,596,826	-
Other Post Employment Benefits	67,822	37,148	104,970	386,160	-
Compensated Absences and Benefits	67,442	50,139	117,581	-	-
Total Liabilities	14,448,658	13,419,246	27,867,904	46,636,542	190,361
DEFERRED INFLOW OF RESOURCES					
Deferred Revenue - Subsequent Year Taxes	4,508,544	-	4,508,544	-	-
Unavailable Revenue - Delinquent Property Taxes	9,092	-	9,092	-	-
Home Health Deferred Inflows	-	-	-	29,290	-
Other Post Employment Benefits Related Deferred Inflows	5,732	3,140	8,872	31,390	-
Pension Related Deferred Inflows	203,578	86,818	290,396	2,496,496	-
Total Deferred Inflow of Resources	4,726,946	89,958	4,816,904	2,557,176	-
NET POSITION					
Net Investment in Capital Assets	16,241,529	23,275,413	39,516,942	15,901,336	1,611,964
Restricted for:					
Debt Service	149,011	1,809,786	1,958,797	-	-
Permanent Funds - nonexpendable	114,200	-	114,200	-	-
Specific Revenues	2,271,355	-	2,271,355	-	-
Donor Restrictions	-	-	-	79,522	33,784
Unrestricted	(1,490,304)	8,168,798	6,678,494	12,519,514	23,162
Total Net Position	\$ 17,285,791	\$ 33,253,997	\$ 50,539,788	\$ 28,500,372	\$ 1,668,910

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 1,158,235	\$ 14,860	\$ 303,340	\$ 25,498
Public Works	1,736,174	332,050	810,711	-
Culture and Recreation	1,885,121	254,332	140,776	-
Community and Economic Development	447,647	36,764	278,940	-
General Government	902,555	56,840	54,146	-
Debt Service	447,191	-	46,363	-
Total governmental activities	<u>6,576,923</u>	<u>694,846</u>	<u>1,634,276</u>	<u>25,498</u>
Business-Type Activities:				
Electric Utility	7,529,566	8,376,741	-	-
Water Utility	1,123,054	990,432	-	-
Sewer Utility	1,290,271	1,347,115	-	-
Gas Utility	1,623,746	1,801,320	-	-
Total Business-Type Activities:	<u>11,566,637</u>	<u>12,515,608</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 18,143,560</u>	<u>\$ 13,210,454</u>	<u>\$ 1,634,276</u>	<u>\$ 25,498</u>
Component Unit:				
Orange City Area Health System	<u>\$ 56,394,744</u>	<u>\$ 55,294,739</u>	<u>\$ 551,810</u>	<u>\$ 46,628</u>
Orange City Municipal Golf Association	<u>\$ 734,838</u>	<u>\$ 399,550</u>	<u>\$ 207,316</u>	<u>\$ 15,602</u>

General Revenues:
Property taxes
Local Option Sales Tax
Interest
Gain on Sale of Assets
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net position
Net Position - beginning
Prior Period Adjustment
Net Position - beginning, as restated
Net Position - ending

Net (Expense) Revenue and Changes in Net Position				
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>	
			<u>Orange City Area Health System</u>	<u>Orange City Municipal Golf Ass'n.</u>
\$ (814,537)		\$ (814,537)		
(593,413)		(593,413)		
(1,490,013)		(1,490,013)		
(131,943)		(131,943)		
(791,569)		(791,569)		
(400,828)		(400,828)		
<u>(4,222,303)</u>		<u>(4,222,303)</u>		
	\$ 847,175	847,175		
	(132,622)	(132,622)		
	56,844	56,844		
	<u>177,574</u>	<u>177,574</u>		
	<u>948,971</u>	<u>948,971</u>		
<u>(4,222,303)</u>	<u>948,971</u>	<u>(3,273,332)</u>		
			<u>\$ (501,567)</u>	<u>\$ (112,370)</u>
4,637,798	-	4,637,798	-	-
1,051,882	-	1,051,882	-	-
37,687	136,330	174,017	478,180	-
208,491	-	208,491	27,089	-
151,488	260,223	411,711	-	-
(25,494)	25,494	-	-	-
<u>6,061,852</u>	<u>422,047</u>	<u>6,483,899</u>	<u>505,269</u>	<u>-</u>
<u>1,839,549</u>	<u>1,371,018</u>	<u>3,210,567</u>	<u>3,702</u>	<u>(112,370)</u>
<u>15,530,497</u>	<u>31,875,827</u>	<u>47,406,324</u>	<u>28,496,670</u>	<u>1,781,280</u>
(84,255)	7,152	(77,103)	-	-
<u>15,446,242</u>	<u>31,882,979</u>	<u>47,329,221</u>	<u>28,496,670</u>	<u>1,781,280</u>
<u>\$ 17,285,791</u>	<u>\$ 33,253,997</u>	<u>\$ 50,539,788</u>	<u>\$ 28,500,372</u>	<u>\$ 1,668,910</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2020

	General	Road Use Tax	TIF
Assets			
Cash and Pooled Investments	\$ 1,698,910	\$ 93,840	\$ 241,444
Investments	46,879	750,000	200,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	74,909	-	-
Taxes	23,646	-	26,993
Subsequent Year Taxes	1,918,699	-	1,130,000
Accrued Interest	22,122	-	5,899
Special Assessments	30,451	-	-
Notes Receivable	-	-	-
Due from Other Funds	-	-	428,206
Due from Other Governmental Agencies	228,770	100,944	-
Inventories	-	14,640	-
Total Assets	<u>4,044,386</u>	<u>959,424</u>	<u>2,032,542</u>
Liabilities			
Accounts Payable	192,710	-	425,928
Accrued Wages	72,102	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>264,812</u>	<u>-</u>	<u>425,928</u>
Deferred Inflow of Resources			
Unavailable Revenue - Special Assessments	27,606	-	-
Unavailable Revenue - Delinquent Property Taxes	5,193	-	-
Unavailable Revenue - Subsequent Year Taxes	1,918,699	-	1,130,000
Total Deferred Inflow of Resources	<u>1,951,498</u>	<u>-</u>	<u>1,130,000</u>
Fund Balances			
Nonspendable:			
Inventories	-	14,640	-
Permanent Fund Principal	-	-	-
Restricted for:			
Debt Service	-	-	-
TIF	-	-	476,614
Economic Development	-	-	-
Road Use Tax	-	944,784	-
Assigned for:			
Capital Project	-	-	-
Unassigned	1,828,076	-	-
Total Fund Balances	<u>1,828,076</u>	<u>959,424</u>	<u>476,614</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,044,386</u>	<u>\$ 959,424</u>	<u>\$ 2,032,542</u>

See Accompanying Notes to Financial Statements

Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 161,808	\$ 518,938	\$ 2,714,940
-	-	996,879
-	-	74,909
21,711	-	72,350
1,459,845	-	4,508,544
-	-	28,021
-	-	30,451
-	517,801	517,801
-	-	428,206
-	-	329,714
-	-	14,640
<u>1,643,364</u>	<u>1,036,739</u>	<u>9,716,455</u>
-	386,487	1,005,125
-	-	72,102
-	428,206	428,206
<u>-</u>	<u>814,693</u>	<u>1,505,433</u>
-	-	27,606
3,899	-	9,092
1,459,845	-	4,508,544
<u>1,463,744</u>	<u>-</u>	<u>4,545,242</u>
-	-	14,640
-	114,200	114,200
179,620	-	179,620
-	-	476,614
-	835,317	835,317
-	-	944,784
-	13,104	13,104
-	(740,575)	1,087,501
<u>179,620</u>	<u>222,046</u>	<u>3,665,780</u>
<u>\$ 1,643,364</u>	<u>\$ 1,036,739</u>	<u>\$ 9,716,455</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 29)		\$ 3,665,780
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds		26,693,988
Deferred revenues that provide current financial resources for governmental activities		27,606
Accrued expenses from the balance sheet that require current financial resources for governmental activities		(30,609)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis		(1,214,786)
OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
	\$ 7,039	
Deferred Outflows of Resources		
Deferred Inflows of Resources	<u>(5,732)</u>	1,307
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
	334,203	
Deferred Outflows of Resources		
Deferred Inflows of Resources	<u>(203,578)</u>	130,625
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		137,916
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		<u>(12,126,036)</u>
Total Net Position - Governmental Activities (page 25)		<u>\$ 17,285,791</u>

CITY OF ORANGE CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2020

	General	Road Use Tax	TIF
Revenue:			
Taxes	\$ 1,760,159	\$ -	\$ -
Special Assessments	5,543	-	-
Licenses and Permits	5,992	-	-
Intergovernmental	479,819	810,711	54,146
Charges for Services	643,613	-	-
Fines and Forfeits	18,749	-	-
TIF Revenue	172,295	-	1,152,849
Local Option Sales Tax	1,051,882	-	-
Interest on Investments	24,947	-	3,670
Miscellaneous	169,194	-	-
Total Revenue	<u>4,332,193</u>	<u>810,711</u>	<u>1,210,665</u>
Expenditures:			
Public Safety	1,338,670	-	-
Public Works	1,274,021	-	-
Culture and Recreation	1,795,578	-	-
Community and Economic Development	392,300	-	-
General Government	763,270	-	-
Capital Projects	-	-	1,220,254
Debt Service:			
Principal Retirement	-	-	215,000
Interest/Bond Costs	-	-	18,084
Total Expenditures	<u>5,563,839</u>	<u>-</u>	<u>1,453,338</u>
Excess (deficiency) of revenues over expenditures	<u>(1,231,646)</u>	<u>810,711</u>	<u>(242,673)</u>
Other financing sources (uses):			
Refunding Bonds Issued	-	-	-
Bond Premium	-	-	-
Proceeds from Sale of Real Estate	45,901	-	176,030
Proceeds from Sale of Fixed Assets	12,883	-	-
Transfers In	1,155,826	-	-
Transfers Out	-	(751,234)	-
Total other financing sources (uses)	<u>1,214,610</u>	<u>(751,234)</u>	<u>176,030</u>
Net Change in Fund Balance	(17,036)	59,477	(66,643)
Fund balances - beginning of year	1,802,418	904,606	543,257
Prior Period Adjustment	42,694	-	-
Fund balances - beginning of year, as restated	<u>1,845,112</u>	<u>904,606</u>	<u>543,257</u>
Decrease in Reserve for Inventory	-	(4,659)	-
Fund balances - end of year	<u>\$ 1,828,076</u>	<u>\$ 959,424</u>	<u>\$ 476,614</u>

See Accompanying Notes to Financial Statements

	Debt Service	Other Governmental Funds	Total Governmental Funds
	\$ 1,552,495	\$ -	\$ 3,312,654
	-	3,280	8,823
	-	-	5,992
	46,363	236,103	1,627,142
	-	-	643,613
	-	-	18,749
	-	-	1,325,144
	-	-	1,051,882
	3	9,067	37,687
	-	37,531	206,725
	<u>1,598,861</u>	<u>285,981</u>	<u>8,238,411</u>
	-	-	1,338,670
	-	-	1,274,021
	-	-	1,795,578
	-	55,689	447,989
	-	-	763,270
	-	1,234,579	2,454,833
	4,365,000	-	4,580,000
	460,386	8,311	486,781
	<u>4,825,386</u>	<u>1,298,579</u>	<u>13,141,142</u>
	<u>(3,226,525)</u>	<u>(1,012,598)</u>	<u>(4,902,731)</u>
	3,040,000	-	3,040,000
	198,959	-	198,959
	-	-	221,931
	-	-	12,883
	-	-	1,155,826
	-	-	(751,234)
	<u>3,238,959</u>	<u>-</u>	<u>3,878,365</u>
	12,434	(1,012,598)	(1,024,366)
	167,186	1,234,644	4,652,111
	-	-	42,694
	<u>167,186</u>	<u>1,234,644</u>	<u>4,694,805</u>
	-	-	(4,659)
	<u>\$ 179,620</u>	<u>\$ 222,046</u>	<u>\$ 3,665,780</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 32)		
Net Change in Fund Balance	(1,024,366)	
Increase in Reserve for Inventory	<u>(4,659)</u>	\$ (1,029,025)

Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay exceeded depreciation expense in the current year as follows:

Expenditures for capital assets	\$ 2,602,118	
Depreciation expense	<u>(1,093,815)</u>	1,508,303

Governmental funds do not report the loss on the disposal of assets with remaining book values whereas the statement of activities reports the loss on the disposal. This is the effect on the change in net assets on the statement of activities.

(26,323)

Revenues reported in the funds that are not available to provide current financial resources

(4,936)

Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources

18,016

Accrued interest expense that does not require current financial resources

22,280

Amortization of premium on long term debt

35,754

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(10,373)	
Other post employment benefits	129	
Pension expense	<u>(15,317)</u>	(25,561)

The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:

(3,238,959)

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:

4,580,000

Change in net position of governmental activities (page 27) \$ 1,839,549

CITY OF ORANGE CITY, IOWA
 COMBINING STATEMENT OF NET POSITION
 Proprietary Funds
 JUNE 30, 2020

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,130,533	\$ 633,519	\$ 452,743
Investments	3,005,000	-	660,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	683,307	106,488	125,943
Accrued Interest	56,633	2,878	17,932
Estimated Unbilled Usage	306,938	44,506	45,591
Due from Other Governmental Agencies	216,594	-	-
Inventories	992,924	146,574	-
Prepaid Assets	32,823	22,864	19,637
Total Current Assets	<u>6,424,752</u>	<u>956,829</u>	<u>1,321,846</u>
Non Current Assets			
Restricted Assets:			
Revenue Bond Current Debt Service - Cash	389	-	125,000
Revenue Bond Current Debt Service Account - Investments	270,000	225,000	55,000
Revenue Bond Future Debt Service Account - Investments	275,000	150,000	680,000
Land	2,632,017	1,778,352	469,847
Construction in Progress	-	432,310	341,012
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,321,407	5,168,605	12,902,347
Total Noncurrent Assets	<u>13,498,813</u>	<u>7,754,267</u>	<u>14,573,206</u>
Total Assets	<u>19,923,565</u>	<u>8,711,096</u>	<u>15,895,052</u>
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Related Deferred Outflows	1,928	1,266	-
Pension Related Deferred Outflows	69,899	46,512	-
Total Deferred Outflows of Resources	<u>71,827</u>	<u>47,778</u>	<u>-</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	628,311	25,790	77,869
Accrued Wages	17,165	10,490	9,097
Accrued Expenses	28,887	4,760	1,928
Customer Deposits	20,548	-	-
Accrued Revenue Bond Interest	8,724	17,752	23,572
Revenue Bonds	232,000	225,000	360,000
Compensated Absences	13,410	10,476	4,664
Total Current Liabilities	<u>949,045</u>	<u>294,268</u>	<u>477,130</u>
Noncurrent Liabilities:			
Due in more than one year:			
Revenue Bonds Payable	1,870,000	1,245,000	7,965,527
Net Pension Liability	221,209	141,494	-
Other Post Employment Benefits	18,573	12,196	-
Compensated Absences and Benefits, Long-Term	20,115	15,713	6,997
Total Noncurrent Liabilities	<u>2,129,897</u>	<u>1,414,403</u>	<u>7,972,524</u>
Total Liabilities	<u>3,078,942</u>	<u>1,708,671</u>	<u>8,449,654</u>
DEFERRED INFLOWS OF RESOURCES			
OPEB Related Deferred Inflows	1,570	1,031	-
Pension Related Deferred Inflows	43,529	27,843	-
Total Deferred Inflows of Resources	<u>45,099</u>	<u>28,874</u>	<u>-</u>
NET POSITION			
Net Investment in Capital Assets	10,851,424	5,909,267	5,387,679
Restricted for:			
Debt Service	536,665	357,248	915,873
Unrestricted	5,483,262	754,814	1,141,846
Total Net Position	<u>\$ 16,871,351</u>	<u>\$ 7,021,329</u>	<u>\$ 7,445,398</u>

See Accompanying Notes to Financial Statements

Business Type Activities		
	Gas Utility	Total
\$	296,875	\$ 2,513,670
	500,000	4,165,000
	53,056	968,794
	14,221	91,664
	18,053	415,088
	-	216,594
	71,127	1,210,625
	7,523	82,847
	<u>960,855</u>	<u>9,664,282</u>
	-	125,389
	-	550,000
	-	1,105,000
	25,000	4,905,216
	-	773,322
	<u>1,102,043</u>	<u>29,494,402</u>
	<u>1,127,043</u>	<u>36,953,329</u>
	<u>2,087,898</u>	<u>46,617,611</u>
	662	3,856
	25,323	141,734
	<u>25,985</u>	<u>145,590</u>
	64,031	796,001
	6,629	43,381
	2,052	37,627
	12,200	32,748
	-	50,048
	-	817,000
	4,877	33,427
	<u>89,789</u>	<u>1,810,232</u>
	-	11,080,527
	78,497	441,200
	6,379	37,148
	7,314	50,139
	<u>92,190</u>	<u>11,609,014</u>
	<u>181,979</u>	<u>13,419,246</u>
	539	3,140
	15,446	86,818
	<u>15,985</u>	<u>89,958</u>
	1,127,043	23,275,413
	-	1,809,786
	788,876	8,168,798
\$	<u>1,915,919</u>	<u>\$ 33,253,997</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2020

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Operating Revenues:			
Charges for Services	\$ 8,376,741	\$ 990,432	\$ 1,347,115
Total Operating Revenue	<u>8,376,741</u>	<u>990,432</u>	<u>1,347,115</u>
Operating Expenses:			
Production	4,507,144	216,045	235,711
Transmission	812,763	6,044	-
Distribution / Collection	581,085	245,505	205,790
Administrative and General	498,983	258,225	198,239
Depreciation	690,566	330,254	369,827
Total Operating Expenses	<u>7,090,541</u>	<u>1,056,073</u>	<u>1,009,567</u>
Operating Income (Loss)	1,286,200	(65,641)	337,548
Non-Operating Income (Expense):			
Interest Income	80,999	6,732	39,948
Other Non-operating Revenues	136,537	45,648	78,038
Interest Expense	(53,567)	(42,981)	(271,704)
Other Non-operating Expenses	(385,458)	(24,000)	(9,000)
Total Non-Operating Income (Expenses)	<u>(221,489)</u>	<u>(14,601)</u>	<u>(162,718)</u>
Income before Transfers	1,064,711	(80,242)	174,830
Capital Contribution	-	241,527	188,559
Transfers Out	<u>(308,592)</u>	<u>(23,000)</u>	<u>(23,000)</u>
Change in Net Position	756,119	138,285	340,389
Net Position - beginning	16,115,232	6,875,892	7,105,009
Prior Period Adjustment	-	7,152	-
Net Position - beginning, as restated	<u>16,115,232</u>	<u>6,883,044</u>	<u>7,105,009</u>
Net Position - ending	<u>\$ 16,871,351</u>	<u>\$ 7,021,329</u>	<u>\$ 7,445,398</u>

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
\$ 1,801,320	\$ 12,515,608
<u>1,801,320</u>	<u>12,515,608</u>
-	4,958,900
1,232,201	2,051,008
165,926	1,198,306
151,152	1,106,599
71,736	1,462,383
<u>1,621,015</u>	<u>10,777,196</u>
180,305	1,738,412
8,651	136,330
-	260,223
(2,731)	(370,983)
-	(418,458)
<u>5,920</u>	<u>(392,888)</u>
186,225	1,345,524
-	430,086
<u>(50,000)</u>	<u>(404,592)</u>
136,225	1,371,018
1,779,694	31,875,827
-	7,152
<u>1,779,694</u>	<u>31,882,979</u>
<u>\$ 1,915,919</u>	<u>\$ 33,253,997</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2020

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ 8,490,506	\$ 982,907	\$ 1,352,956
Cash Paid to Suppliers for Goods and Services	(5,768,517)	(322,842)	(816,327)
Cash Paid to Employees for Services	(661,648)	(368,655)	(253,848)
Other Nonoperating Income	136,537	45,648	78,038
Other Nonoperating Expenses	(385,458)	(24,000)	(9,000)
Net Cash Provided by Operating Activities	<u>1,811,420</u>	<u>313,058</u>	<u>351,819</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and Construction of Capital Assets	(685,060)	(201,335)	(62,404)
Principal Paid on Notes and Bonds	(235,000)	(220,000)	(355,000)
Interest Paid on Notes and Bonds	(54,178)	(44,860)	(291,359)
Net Cash (Used) for Capital and Related Financing Activities	<u>(974,238)</u>	<u>(466,195)</u>	<u>(708,763)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers To Other Funds	(308,592)	(23,000)	(23,000)
Net Cash (Used) for Non-Capital Financing Activities	<u>(308,592)</u>	<u>(23,000)</u>	<u>(23,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from Sale of Investment Securities	3,050,000	750,000	2,020,000
Purchase of Investment Securities	(3,050,000)	(375,000)	(1,395,000)
Due from Other Governments	31,028	-	-
Interest and Dividends on Investments	62,015	13,162	55,000
Net Cash Provided by Investing Activities	<u>93,043</u>	<u>388,162</u>	<u>680,000</u>
Net Increase in Cash and Cash Equivalents	621,633	212,025	300,056
Cash and Cash Equivalents at Beginning of Year	<u>509,289</u>	<u>421,494</u>	<u>277,687</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,130,922</u>	<u>\$ 633,519</u>	<u>\$ 577,743</u>
Schedule of Non-Cash Investing and Financing Activities:			
Contributed Capital	<u>\$ -</u>	<u>\$ 241,527</u>	<u>\$ 188,559</u>

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
\$ 1,829,526	\$ 12,655,895
(1,304,102)	(8,211,788)
(223,113)	(1,507,264)
-	260,223
-	(418,458)
<u>302,311</u>	<u>2,778,608</u>
(99,749)	(1,048,548)
(115,000)	(925,000)
(3,277)	(393,674)
<u>(218,026)</u>	<u>(2,367,222)</u>
<u>(50,000)</u>	<u>(404,592)</u>
<u>(50,000)</u>	<u>(404,592)</u>
500,000	6,320,000
(500,000)	(5,320,000)
-	31,028
<u>4,688</u>	<u>134,865</u>
<u>4,688</u>	<u>1,165,893</u>
38,973	1,172,687
<u>257,902</u>	<u>1,466,372</u>
<u>\$ 296,875</u>	<u>\$ 2,639,059</u>
<u>\$ -</u>	<u>\$ 430,086</u>

continued

CITY OF ORANGE CITY, IOWA
 COMBINING STATEMENT OF CASH FLOWS (Continued)
 Proprietary Funds
 For the Year Ended June 30, 2020

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating Income (Loss)	\$ 1,286,200	\$ (65,641)	\$ 337,548
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	690,566	330,254	369,827
Other Non-Operating Income	136,537	45,648	78,038
Other Non-Operating Expenses	(385,458)	(24,000)	(9,000)
(Increase) Decrease in Assets:			
Accounts Receivable	97,181	(1,583)	5,941
Estimated Unbilled Usage	16,761	(5,942)	(100)
Inventories	(51,315)	(18,392)	-
Prepaid Expenses	(4,989)	(3,048)	(2,721)
Increase (Decrease) in Liabilities			
Accounts Payable	(5,797)	6,345	(432,405)
Accrued Wages and Compensated Absences	(13,893)	10,033	4,837
Accrued Expenses	4,515	562	(146)
Customer Deposits	(177)	-	-
Net Pension Liability	1,510	16,479	-
Deferred Outflows of Resources	7,258	(776)	-
Deferred Inflows of Resources	27,703	18,975	-
OPEB Liability	4,818	4,144	-
Total Adjustments	525,220	378,699	14,271
Net Cash Provided by Operating Activities	<u>\$ 1,811,420</u>	<u>\$ 313,058</u>	<u>\$ 351,819</u>
Cash and Cash Equivalents	1,130,533	633,519	452,743
Revenue Bond Current Debt Service	389	-	125,000
Total Cash and Cash Equivalents	<u>\$ 1,130,922</u>	<u>\$ 633,519</u>	<u>\$ 577,743</u>

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
<u>\$ 180,305</u>	<u>\$ 1,738,412</u>
71,736	1,462,383
-	260,223
-	(418,458)
26,512	128,051
2,294	13,013
10,803	(58,904)
(959)	(11,717)
(510)	(432,367)
1,721	2,698
198	5,129
(600)	(777)
212	18,201
2,453	8,935
9,786	56,464
(1,640)	7,322
<u>122,006</u>	<u>1,040,196</u>
<u>\$ 302,311</u>	<u>\$ 2,778,608</u>
296,875	2,513,670
-	125,389
<u>\$ 296,875</u>	<u>\$ 2,639,059</u>

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Fund
JUNE 30, 2020

ASSETS

Cash and Cash Equivalents \$ 51,635

Total Assets 51,635

LIABILITIES

Accounts Payable 51,635

Total Liabilities \$ 51,635

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Orange City, Iowa is a political subdivision of the State of Iowa located in Sioux County, and was incorporated in 1884, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides electric, water, sewer and gas utilities.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. Reporting Entity

For financial reporting purposes, the City of Orange City, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Orange City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Unit – The government-wide financial statements include The Orange City Area Health System (Hospital) as a component unit. The Hospital is a legally separate entity. Iowa statute provides situations where the City can impose their will on the Hospital and / or the hospital can create a potential financial benefit or burden on the City. The Hospital budget is approved by the City and the Hospital cannot issue its own debt. Complete financials are on file at the Hospital.

Discretely Presented Component Unit – The government-wide financial statements include The Orange City Municipal Golf Association (Association) as a component unit. The Association is a legally separate entity with a December 31 year end. The Association is fiscally dependent upon the City to provide financing for capital purchases and for operations and could present a financial burden to the City. The Association operations are financed through its operation with the City committed to funding all deficits. The City approves all debt of the Association. Complete financials are available at the Association.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Sioux County Conference Board, Sioux County Emergency Management Commission, Sioux County Joint E911 Service Board, and Early Childhood Development.

B. Basic Financial Statements-Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital project and permanent funds are classified as governmental activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The City first uses restricted resources to finance qualifying activities.

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, public works, culture and recreation, community and economic development, general government, etc.) and business-type activities. The functions are also supported by general government expenses (including depreciation) by related program revenue, operating grants, and capital grants. Program revenue must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

As a general rule, the effect of interfund activity has not been eliminated from the government-wide financial statements. The City does not allocate indirect costs.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues or receipts, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds. The City electively added funds, as major funds, which had a specific community focus. The non-major funds are combined into a single column in the fund financial statements.

Governmental Fund Types – The governmental fund financial statements are reported using the current financial resources measurement focus. This means that the focus of the governmental funds' measurement is upon the determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Special Revenue Fund - The Road Use Tax Fund is used to account for the operation of street maintenance and construction financed by allocations of state fuel taxes.
- 3) Special Revenue Fund – The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.
- 4) Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Proprietary Fund Types – The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. Operating revenues and expenses are distinguished from non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of enterprise funds are charges to customers for services. Operating expenses consist of cost of sales and services, administrative expenses and depreciation on capital assets. The U.S. generally accepted accounting principles used are those applicable to similar businesses in the private sector.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

- 1) Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis should be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

The Electric Fund is used to account for the operation and maintenance of the City's electric systems.

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's sewer system.

The Gas Fund is used to account for the operation and maintenance of the City's gas system.

Fiduciary Fund Types – Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs. Since agency funds are custodial in nature, they do not involve the measurement of results of operations and are not incorporated into the government-wide financial statements. The City's agency fund includes the payroll clearing fund.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A 90 - day availability period is used for revenue recognition for all other governmental fund revenues.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Expenditures are recorded when the related fund liability is incurred. An exception to this general rule is that principal and interest on general obligation debt, if any, is recognized when due.

Those revenues susceptible to accrual are property taxes, assessments, and intergovernmental revenues. Licenses, fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, expenditures exceeded the amount budgeted in the Capital Projects, Debt Service, and Business Type Activity functions.

F. Cash And Cash Equivalents And Investments

The City is authorized by statute to invest public funds not currently needed for operating expenses in notes, certificates, bonds, prime eligible bankers acceptances, certain high rated commercial paper, perfected repurchase agreements, or other evidences of indebtedness which are obligations of or guaranteed by the United States of America or any of its agencies, or in time deposits or savings accounts in depositories approved by the City Council.

1) **Cash and Cash Equivalents**

Includes demand deposits, cash on hand and cash investments with original maturities of three months or less.

2) **Investments**

The City and its component unit use the following methods in determining the reported amounts.

<u>Type</u>	<u>Method</u>
<u>City</u>	
Nonnegotiable Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Amortized Cost
<u>Component Unit</u>	
Interest-earning investment contracts	
Nonnegotiable certificates of deposit	Cost
<u>Open-end mutual funds</u>	
(governmental external investment pool registered As an investment company)	Fair Value determined by current share price
<u>Publicly traded mutual funds</u>	
	Fair Value based on quoted market prices
<u>Debt Securities</u>	
Negotiable certificates of deposit and U.S. Government Agency Securities	
Maturity of one year or less when purchased	Amortized cost
Maturity to more than one year when purchased	Fair Value based on quoted Market prices

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Property Tax Receivable

Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City Council to the County Board of Supervisors. Current year delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March, 2019. Any county collections on the 2019-2020 tax levy remitted to the City within 60 days subsequent to June 30, 2020, are recorded as property tax revenue.

H. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2020, balances of interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

I. Inventories

Inventories of governmental funds are valued at cost using FIFO while those of enterprise funds are valued using the average cost method. For fund level reporting, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental funds are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of net current assets. Inventory of the discretely presented component units is valued at cost using FIFO.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds. Other restricted assets include temporary cash investments for the perpetual care fund.

L. Property and Equipment

Assets with an initial individual cost of \$5,000 or more are considered capital assets. Property and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Infrastructure has been capitalized using historical or estimated historical cost of \$25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings & Improvements	25 – 50 Years
Land Improvements	20 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 – 20 Years
Vehicles	5 – 20 Years
Infrastructure	10 – 65 Years

M. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. A liability for this and any related benefits is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts and related benefits is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

N. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

O. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

P. Landfill Closure Costs

The City does not operate a sanitary landfill; therefore, no closure/post closure costs are included in these statements.

Q. Classifying Fund Balance Amounts

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

R. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments, and OPEB expenses.

S. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employers' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2020, were entirely covered by Federal Depository Insurance collateralized or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligation of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30 the primary government's investments were reported at cost as follows:

	<u>Credit Risk</u>	<u>Maturities</u>	<u>Cost/ Amortized Cost</u>	<u>Interest Rates</u>
Certificates of Deposit	N/A	12/05/20-01/14/21	\$ 4,750,000	1.61%-2.02%
Iowa Public Agency Investment Trust	Not Rated	Daily	2,066,879	1.61%
Totals			<u>\$ 6,816,879</u>	

As of June 30, 2020, the City's investments consist of Certificates of Deposit of \$4,750,000 and IPAIT which is valued at an amortized cost of \$2,066,879 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The fair value of the City position is the same as the value of the pool shares. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. The State of Iowa provides regulatory oversight.

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Component Unit: The Hospital's investments, except the mutual funds, are insured or registered or for which the securities are held by the Hospital or its agent in the Hospital's name. The mutual fund investments are uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the Hospital's name. All investments listed below, except the U.S. Government agency securities, are subject to custodial credit risk. The Hospital does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates (interest rate risk).

As of June 30, 2020, the Hospital's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

	Maturities	
Negotiable certificates of deposit	11/24/20-10/03/31	\$ 6,140,179
Iowa Public Agency Investment Trust	Daily	104
Mutual Funds	Daily	645,714
Totals		\$ 6,790,052

The primary objectives of the Hospital's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. The investment policy limits the investing of operating funds to instruments that mature within three hundred ninety-seven days. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Hospital. All investments were valued at level one inputs using quoted prices in active markets.

There were no significant changes in investments held during the fiscal year ended June 30, 2020.

Note 3 - PLEDGES RECEIVABLE

At December 31, 2019 the Golf Association component unit had pledges receivable restricted for club house renovation.

A summary of the activity in pledges receivable for the year ended December 31, 2019 is as follows:

Beginning Pledges Receivable	\$	74,000
Pledges Made During Year		15,602
Pledge Payments Received		(55,852)
Total	\$	33,750

Pledges receivable are expected to be collected during the fiscal year ending December 31, 2020.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2020, amounts due from other governments were as follows:

Due from Orange City Municipal Golf Association	\$ 216,594
Due from the Iowa Department of Transportation for road use tax allocations	100,944
Due from the State of Iowa for local option sales taxes	70,979
Due from the State of Iowa for hotel/motel taxes	34,990
Due from the State of Iowa for CARES funding	122,801
Total Due from Other Governments	\$ 546,308

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2020, short-term interfund payables and receivables were as follows:

Fund Due To	Fund Due From	Amount
TIF	2018 Street Project	\$ 91,216
TIF	2020 Street Project	254,539
TIF	MOC FV School Project	73,894
TIF	Streetlight Project	8,557
		\$ 428,206

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government	Balance July 1, 2019 (as restated)	Additions	Disposals	Balance June 30, 2020
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 1,116,456	\$ 107,500	\$ -	\$ 1,223,956
Construction in Progress	2,343,746	2,006,303	2,250,085	2,099,964
Total Capital Assets Not Being Depreciated	3,460,202	2,113,803	2,250,085	3,323,920
Capital Assets Being Depreciated:				
Buildings	12,870,826	-	-	12,870,826
Improvements	6,033,372	1,086,095	-	7,119,467
Equipment	3,694,048	550,875	183,980	4,060,943
Infrastructure	37,231,789	1,101,430	-	38,333,219
Total Capital Assets Being Depreciated	59,830,035	2,738,400	183,980	62,384,455
Less Accumulated Depreciation For:				
Buildings	4,631,470	257,585	-	4,889,055
Improvements	3,537,785	200,602	-	3,738,387
Equipment	2,620,729	226,563	157,657	2,689,635
Infrastructure	27,288,245	409,065	-	27,697,310
Total Accumulated Depreciation	38,078,229	1,093,815	157,657	39,014,387
Total Capital Assets Being Depreciated, Net	21,751,806	1,644,585	26,323	23,370,068
Governmental Activities Capital Assets, Net	\$ 25,212,008	\$ 3,758,388	\$ 2,276,408	\$ 26,693,988

Construction in progress at June 30, 2020, for the governmental activities consisted of the Puddle Jumper 9th addition, the Puddle Jumper 10th addition, the MOC FV School project, and the Stoplight project.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 6 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2019 (as restated)	Additions	Disposals	Balance June 30, 2020
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 4,566,367	\$ 338,849	\$ -	\$ 4,905,216
Construction in Progress	1,057,368	430,086	714,132	773,322
Total Capital Assets Not Being Depreciated	5,623,735	768,935	714,132	5,678,538
Capital Assets Being Depreciated:				
Buildings	3,448,898	25,948	-	3,474,846
Improvements	30,243	-	-	30,243
Equipment	4,676,229	304,654	-	4,980,883
Utility Plant	42,488,792	1,093,227	-	43,582,019
Total Capital Assets Being Depreciated	50,644,162	1,423,829	-	52,067,991
Less Accumulated Depreciation For:				
Buildings	1,937,678	88,751	-	2,026,429
Improvements	30,242	-	-	30,242
Equipment	3,125,367	198,771	-	3,324,138
Utility Plant	16,017,919	1,174,861	-	17,192,780
Total Accumulated Depreciation	21,111,206	1,462,383	-	22,573,589
Total Capital Assets Being Depreciated, Net	29,532,956	(38,554)	-	29,494,402
Business Type Activities Capital Assets, Net	\$ 35,156,691	\$ 730,381	\$ 714,132	\$ 35,172,940

Construction in progress is related to the water and sewer system expansion.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Public Safety	\$ 209,042
Public Works	634,202
Culture and Recreation	110,062
General Government	140,509
Total depreciation expense – governmental activities	\$ 1,093,815
Business-Type Activities:	
Electric	\$ 690,566
Water	330,254
Sewer	369,827
Gas	71,736
Total depreciation expense – business-type activities	\$ 1,462,383

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 6 - CAPITAL ASSETS – (Continued)

A summary of changes in capital assets for the discretely presented component units are as follows:

Orange City Area Health System

	Balance July 1, 2019	Additions	Disposals	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 1,897,439	\$ -	\$ -	\$ 1,897,439
Construction in Progress	489,549	2,382,849	2,834,810	37,588
Total Capital Assets Not Being Depreciated	2,386,988	2,382,849	2,834,810	1,935,027
Capital Assets Being Depreciated:				
Land Improvements	3,735,626	147,831	-	3,883,457
Buildings	21,915,261	618,198	-	22,533,459
Fixed Equipment	37,879,259	2,200,260	-	40,079,519
Major Movable Equipment	14,457,755	1,270,644	344,329	15,384,070
Total Capital Assets Being Depreciated	77,987,901	4,236,933	344,329	81,880,505
Less: Accumulated Depreciation	47,743,218	3,711,940	285,577	51,169,581
Total Capital Assets Being Depreciated, Net	30,244,683	524,993	58,752	30,710,924
Capital Assets, Net	\$ 32,631,671	\$ 2,907,842	\$ 2,893,562	\$ 32,645,951

Orange City Municipal Golf Association

	Balance January 1, 2019	Additions	Disposals	Balance December 31, 2019
Golf Course and Trail	\$ 1,647,252	\$ -	\$ -	\$ 1,647,252
Buildings	987,041	4,183	-	991,224
Equipment	672,537	109,598	116,454	665,681
Total	3,306,830	113,781	116,454	3,304,157
Less Accumulated Depreciation	1,507,228	122,269	112,716	1,516,781
Capital Assets, Net	\$ 1,799,602	\$ (8,488)	\$ 3,738	\$ 1,787,376

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 6 - CAPITAL ASSETS – (Continued)

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities	Component Unit	
			Health System	Golf Course
Land	\$ 1,223,956	\$ 4,905,216	\$ 1,897,439	\$ -
Construction in Progress	2,099,964	773,322	37,588	-
Capital Assets (net of accumulated depreciation)	23,370,068	29,494,402	30,710,924	1,787,376
Less: General Obligation Bonds Payable	10,246,036	-	-	-
Retainage Payable	206,423	-	-	-
Revenue Bonds	-	11,897,527	17,836,467	-
Note Payable	-	-	-	175,412
Net Investment in Capital Assets	<u>\$ 16,241,529</u>	<u>\$ 23,275,413</u>	<u>\$ 14,809,484</u>	<u>\$ 1,611,964</u>

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2020 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities	.45 – 5.00%	\$ 11,565,000

The General Obligation bonds are presented on the Statement of Net Position net of unamortized bond premium of \$561,036.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,305,000	\$ 367,307	\$ 1,672,307
2022	1,255,000	328,654	1,583,654
2023	1,305,000	289,511	1,594,511
2024	1,340,000	248,444	1,588,444
2025	1,060,000	204,704	1,264,704
2026-2030	3,820,000	566,474	4,386,474
2031-2035	995,000	162,764	1,157,764
2036-2040	485,000	34,281	519,281
	<u>\$ 11,565,000</u>	<u>\$ 2,202,139</u>	<u>\$ 13,767,139</u>

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM DEBT – (Continued)

New Debt Issue:

On September 19, 2019, the City issued \$3,040,000 of General Obligation Refunding Capital Loan Notes, Series 2019B, for the purpose of refunding the Series 2010B, Series 2011A, and Series 2011G Capital Loan Notes. The bonds carry an interest rate of 3.00% with maturities from June 1, 2020 to June 1, 2031.

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service.

Revenue bonds outstanding at June 30, 2020 are as follows:

Primary Government

Purpose	Interest Rates	Amounts
Electric Revenue Bonds	.35 – 4.78%	\$ 2,102,000
Water Revenue Bonds	.90 – 5.10%	1,470,000
Sewer Revenue Bonds	2.85 – 4.00%	8,005,000
		<u>\$ 11,577,000</u>

Revenue bond debt service requirements to maturity are as follows:

Primary Government

Year Ending June 30,	<u>Business-Type Activities</u>					<u>Total</u>
	<u>Electric Principal</u>	<u>Sewer Principal</u>	<u>Water Principal</u>	<u>Interest</u>		
2021	\$ 232,000	\$ 360,000	\$ 225,000	\$ 373,350	\$ 1,190,350	
2022	235,000	370,000	230,000	353,119	1,188,119	
2023	145,000	380,000	240,000	332,405	1,097,405	
2024	150,000	395,000	175,000	312,216	1,032,216	
2025	150,000	405,000	70,000	293,368	918,368	
2026-2030	825,000	2,235,000	375,000	1,159,790	4,594,790	
2031-2035	365,000	2,645,000	155,000	582,893	3,747,893	
2036-2040	-	1,215,000	-	73,400	1,288,400	
	<u>\$ 2,102,000</u>	<u>\$ 8,005,000</u>	<u>\$ 1,470,000</u>	<u>\$ 3,480,541</u>	<u>\$ 15,057,541</u>	

The revenue bonds are presented on the statement of Net Position and the Balance Sheet net of unamortized bond premium of \$320,527.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM DEBT – (Continued)

Component Unit

Purpose			Interest Rates	Amounts
Hospital/Component Unit			2.85 – 3.5%	<u>\$ 16,744,615</u>
	Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Health System Interest</u>	<u>Total</u>
	2021	\$ 1,571,942	\$ 473,828	\$ 2,045,770
	2022	1,642,859	426,400	2,069,259
	2023	1,699,164	376,944	2,076,108
	2024	1,591,252	327,188	1,918,440
	2025	1,450,000	281,888	1,731,888
	2026-2030	7,935,000	758,524	8,693,524
	2031-2035	854,398	12,194	866,592
		<u>\$ 16,744,615</u>	<u>\$ 2,656,966</u>	<u>\$ 19,401,581</u>

Notes Payable – Direct Borrowing

Orange City Area Health System

During 2016, the Hospital entered into a noninterest term loan agreement with the City Municipal Electric Utility through the United States Rural Economic Development Loan and Grant Program. The purpose of the loan was to finance the construction of a twelve-unit independent living addition at Landsmeer Ridge Retirement Community. The \$1,760,000 unsecured loan, dated February 26, 2016, calls for monthly payments of \$16,297 beginning March 1, 2017 and continuing until February of 2026. Remaining principal balance related to the Rural Economic Development Loan and Grant Program as of June 30, 2020 was \$1,091,852.

Orange City Municipal Golf Association

During 2009, the City advanced the Association funds to retire all bank debt. The Association is repaying the funds on a ten-year annual repayment schedule at 3.00% interest, with final payment due on December 22, 2019. Principal and interest payments to the City during 2019 were \$41,882 and \$1,278, respectively. The ending balance of the advance from the City for the Association's year ended December 31, 2019 was \$0.

During 2011, the City made an agreement with the Association to provide the funding for their capital purchases of course equipment. The purchases are to be made on a revolving schedule agreed upon by the City and the Association in order to best maximize the useful lives of the equipment, the needs of the Association, and the contributions of the City. The debt accrues interest at 3.00% and each equipment replacement is repaid over 7 years in annual installments. Principal and interest payments to the City during 2019 were \$34,132 and \$3,113, respectively. The ending balance of the equipment replacement loan from the City for the Association's year ended December 31, 2019 was \$175,412.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM DEBT – (Continued)

Annual notes payable – direct borrowing service requirement to maturity are as follows:

Year Ending June 30,	Health System			Golf Association		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 195,564	\$ -	\$ 195,564	\$ 34,270	\$ 5,262	\$ 39,532
2022	195,564	-	195,564	29,159	4,234	33,393
2023	195,564	-	195,564	25,369	3,359	28,728
2024	195,564	-	195,564	25,369	2,598	27,967
2025	195,564	-	195,564	25,369	1,837	27,206
2026-2030	114,032	-	114,032	35,876	1,393	37,269
2031-2035	-	-	-	-	-	-
	<u>\$ 1,091,852</u>	<u>\$ -</u>	<u>\$ 1,091,852</u>	<u>\$ 175,412</u>	<u>\$ 18,683</u>	<u>\$ 194,095</u>

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	\$ 13,105,000	\$ 3,040,000	\$ 4,580,000	\$ 11,565,000	\$ 1,305,000
Compensated Absences	102,030	112,403	102,030	112,403	44,961
Net Pension Liability	1,194,021	-	159,460	1,034,561	-
Other Post Employment Benefits	71,864	-	4,042	67,822	-
Governmental Activity Long-Term Liabilities	<u>\$ 14,472,915</u>	<u>\$ 3,152,403</u>	<u>\$ 4,845,532</u>	<u>\$ 12,779,786</u>	<u>\$ 1,349,961</u>
Business Type Activities:					
Bonds Payable:					
Revenue Bonds	\$ 12,502,000	\$ -	\$ 925,000	\$ 11,577,000	\$ 817,000
Compensated Absences	83,366	83,566	83,366	83,566	33,427
Net Pension Liability	423,000	18,200	-	441,200	-
Other Post Employment Benefits	29,826	7,322	-	37,148	-
Business-Type Activity Long-Term Liabilities	<u>\$ 13,038,192</u>	<u>\$ 109,088</u>	<u>\$ 1,008,366</u>	<u>\$ 12,138,914</u>	<u>\$ 850,427</u>
Component Unit:					
Area Health System					
Bonds Payable:					
Revenue Bonds	\$ 18,271,617	\$ -	\$ 1,527,002	\$ 16,744,615	\$ 1,571,942
Notes Payable - Direct Borrowing	1,287,407	-	195,555	1,091,852	\$ 195,564
Net Pension Liability	16,670,713	-	73,887	16,596,826	-
Other Post Employment Benefits	349,921	36,239	-	386,160	-
	<u>\$ 36,579,658</u>	<u>\$ 36,239</u>	<u>\$ 1,796,444</u>	<u>\$ 34,819,453</u>	<u>\$ 1,767,506</u>
Golf Course					
Notes Payable - Direct Borrowing	\$ 145,658	\$ 105,768	\$ 76,014	\$ 175,412	\$ 34,270

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 7 - LONG-TERM DEBT – (Continued)

The City maintains a policy limiting the accumulation of compensated absences thus the ending balance represents the amount expected to be paid within one year and the amount to be paid out over one year. The General Fund has been used to liquidate the governmental other postemployment benefit obligation and net pension obligation.

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	<u>General</u>	<u>Total Transfers Out</u>
Road Use Tax	\$ 751,234	\$ 751,234
Water	23,000	23,000
Sewer	23,000	23,000
Electric	308,592	308,592
Gas	50,000	50,000
Total Transfer In	\$ 1,155,826	\$ 1,155,826

Transfers are used to:

1. Move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them.
2. Use unrestricted revenues collected in proprietary funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9 - PENSION PLAN

Plan description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member’s first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN – (Continued)

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30 year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN – (Continued)

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the City contributed 9.44 percent of covered payroll for a total rate of 15.73 percent. Protective occupation members contributed 6.61 percent of covered payroll and the City contributed 9.91 percent of covered payroll for a total rate of 16.52 percent.

The City's total contributions to IPERS for the year ended June 30, 2020 were \$240,243 and for the component unit total contributions were \$2,160,610.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the City reported a liability of \$1,475,761 and the component unit reported \$16,596,826 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was 0.0254852 percent and 0.285034 percent for the component unit, which was a decrease of 0.000067 percent from its proportion measured as of June 30, 2018. The component unit showed an increase of 0.0215 percent from 2018.

For the year ended June 30, 2020, the City and component unit recognized pension expense of \$359,709 and \$3,058,164, respectively. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City's Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,998	\$ 55,712
Changes of assumptions	191,500	1,167
Net difference between projected and actual earnings on pension plan investments	-	213,330
Changes in proportion and differences between City contributions and proportionate share of contributions	37,196	20,187
City's contributions subsequent to the measurement date	240,243	-
Total	\$ 475,937	\$ 290,396

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN – (Continued)

	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,571	\$ 598,162
Changes of assumptions	1,795,696	626
Net difference between projected and actual earnings on pension plan investments	-	1,895,504
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	1,386,625	2,204
Area Health System's contributions subsequent to the measurement date	2,160,610	-
Total	\$ 5,372,502	\$ 2,496,496

\$240,243 and \$2,160,610 reported as deferred outflows of resources related to pensions resulting from the City and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	City	Component Unit
2021	\$ 40,202	\$ 731,940
2022	(44,704)	(53,846)
2023	(22,826)	19,062
2024	(26,271)	(59,222)
2025	(1,103)	77,462
	\$ (54,702)	\$ 715,396

There were no non-employer contributing entities of IPERS.

Actuarial assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 – 16.25 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan investment expense, and including inflation
Wage Growth (effective June 30, 2017)	3.25 percent per annum based on 2.60 percent inflation and 0.65 percent real wage inflation

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 9 - PENSION PLAN – (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.0 percent) than the current rate.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
Proportionate Share of the Net Pension Liability			
City	\$ 2,914,016	\$ 1,475,761	\$ 269,733
Component Unit	29,628,084	16,596,826	5,666,499

Pension plan fiduciary net position – Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report which is available on IPERS' website at www.ipers.org.

Payables to the pension plan

At June 30, 2020, the City and component unit reported payables to the defined benefit pension plan of \$30,212 and \$156,765, respectively.

Plan Description – The City and the component unit administer a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City and the component unit and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and OPEB liability.

Retired participants must be age 55 or older at retirement. At January 1, 2020 for the City and June 30, 2020 for the component unit, plan membership consisted of the following:

	City	Component Unit
Inactive members currently receiving benefit	0	7
Active employees	34	421
Total	34	428

Total OPEB Liability – The total OPEB liability of the City was \$104,970 and the component unit was \$386,160 measured as of January 1, 2020 and June 30, 2020, respectively, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The Total OPEB liability for the City and the component unit in the January 1, 2020 and June 30, 2020, respectively, actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 10 - OTHER POSTEMPLOYMENT BENEFITS – (Continued)

	City (Effective January 1, 2020)	Component Unit (Effective June 30, 2020)
Rate of Inflation	3.00% per annum.	2.60% per annum.
Rates of salary increase	2.00% per annum, including Inflation.	Varying rates by years of service from 3.25% to 16.25%
Discount rate	2.74% compounded annually, Including inflation.	2.21% compounded actually, Including inflation
Healthcare cost trend rate	5.00% all years.	7.00% Initial rate decreasing by 1% Annually to an ultimate rate of 4%

Discount Rate The discount rates used to measure the total OPEB liability for the City was 2.74% and for the component unit was 2.21%, which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates for the City are from RP-2014 total annuitant distinct mortality table adjusted to 2006 MP-2019 generational projection of future mortality improvement. Mortality rates for the component unit were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used for the City in the January 1, 2020 and for the component unit in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	City	Component Unit
Total OPEB liability beginning of year	\$ 101,690	\$ 349,921
Changes for the year:		
Service cost	5,902	22,991
Interest	2,806	12,466
Differences between expected and actual experiences	(9,611)	-
Changes in assumptions	4,651	34,553
Benefit payments	(468)	(33,771)
Net changes	3,280	36,239
Total OPEB liability end of year	\$ 104,970	\$ 386,160

Changes of assumptions reflect a change in the discount rate from 3.44% in fiscal year 2019 to 2.74% in fiscal year 2020 for the City and 3.50% in fiscal year 2019 to 2.21% in fiscal year 2020 for the component unit.

Sensitivity of the City's and its Component Unit's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City and its component unit, as well as what the City's and its component unit's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 10 - OTHER POSTEMPLOYMENT BENEFITS – (Continued)

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
City Discount Rates	(1.74%)	(2.74%)	(3.74%)
Total City OPEB Liability	\$112,216	\$104,970	\$97,801
Component Unit Discount Rates	(1.21%)	(2.21%)	(3.21%)
Total Component Unit OPEB Liability	\$414,397	\$386,160	\$359,133

Sensitivity of the City's and its Component Unit's Total OPEB liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City and its component unit, as well as what the City's and its component unit's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
City's Healthcare Cost Trend Rates	(4.00%)	(5.00%)	(6.00%)
Total City OPEB Liability	\$ 93,162	\$104,970	\$ 118,580
Component Unit Healthcare Cost Trend Rates	(5.75%)	(6.75%)	(7.75%)
Total Component Unit OPEB Liability	\$334,531	\$386,160	\$ 449,355

OPEB Expense and Deferred Outflows/Inflows of resources Related to OPEB – For the year ended June 30, 2020, the City and component unit recognized OPEB expense of \$9,112 and \$41,121 respectively. At June 30, 2020, the City and component unit reported deferred Outflows/Inflows of resources related to OPEB from the following resources:

	Deferred Outflows		Deferred Inflows	
	City	Component Unit	City	Component Unit
Differences between expected and actual experience	\$ 263	\$ 43,057	\$ (8,872)	\$ -
Changes in assumptions	10,632	30,467	-	(31,390)
Total	\$ 10,895	\$ 73,524	\$ (8,872)	\$ (31,390)

The amount reported as deferred Outflows/(Inflows) of resources related to OPEB will be recognized as OPEB expense as follows:

Year ending June 30,	City	Component Unit
2021	\$ 404	\$ 5,664
2022	404	5,664
2023	404	5,664
2024	404	5,664
2025	404	6,124
Thereafter	3	13,354
	\$ 2,023	\$ 42,134

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 11 - FUND BALANCE

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 28-29). As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the City Administrator. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of \$1,828,076 at June 30, 2020.

Other Major Funds

The Road Use Tax Fund has a Restricted Fund Balance of \$944,784 consisting of primarily unspent funds used for street construction and maintenance. Inventory balances at June 30, 2020 of \$14,640 are considered Nonspendable Fund Balance.

The Debt Service Fund has a Restricted Fund Balance of \$179,620 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

The TIF Fund has a Restricted Fund balance of \$476,614, consisting of primarily unspent funds used for housing projects and economic development.

Other Funds

The following non-major fund has Restricted Fund Balances for specific purposes:

USDA IRP-Loan –		
Special Revenue Fund:	For economic development	\$ 190,031
USDA Revolving Loan		
Special Revenue Fund:	For economic development	\$ 645,286

The following non-major fund has an assigned Fund Balance:

Dunlop Park Improvement – Capital Project	\$ 13,104
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The following non-major fund has a Nonspendable Fund Balance:

Cemetery Perpetual Care:	For cemetery maintenance	\$ 114,200
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Note 12 - DEFICIT FUND EQUITY

The City had four funds with deficit equity balances at June 30, 2020. The City intends to finance these deficits from various resources including; road use tax funds, general funds, and capital project debt financing.

The individual fund deficits were as follows:

Capital Project – 2018 Street Project Fund	\$ 120,841
Capital Project – 2020 Street Project Fund	\$ 489,586
Capital Project – MOC FV School Project	\$ 121,591
Capital Project – Streetlight Project	\$ 8,557

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 13 - RISK FINANCING

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2019-2020 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

Note 14 - COMMITMENTS

At June 30, 2020, the City had four construction contracts in process with the following approximate contracts remaining:

Puddle Jumper 9 th Addition	\$ 4,005
Puddle Jumper 10 th Addition	1,931,979
2020 Street Project	568,003
Total commitments, end of year	<u>\$ 2,503,987</u>

Note 15 - URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer. The total to be paid by the City under the agreements is not to exceed \$1,854,845.

During the year ended June 30, 2020, the City rebated \$239,019 of incremental property tax to developers. The total cumulative principal amount rebated on the agreements is \$961,372. The outstanding balance on the agreements at June 30, 2020 was \$893,473.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

Note 16 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

CITY OF ORANGE CITY, IOWA
Notes to Financial Statements
June 30, 2020

Note 16 - TAX ABATEMENTS – (Continued)

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types

of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, the City abated \$88,858 of property tax under the urban renewal and economic development projects.

Note 17 - Prior Period Adjustment

It was determined in the current year that hotel/motel tax revenues and governmental asset deletions were not recorded in the prior year financial statements. It was also determined that accumulated depreciation in the water utility fund was overstated in the prior year. The effects of fund balance/net position are as follows:

	General Fund	Governmental Activities	Water Fund	Business-Type Activities
Fund Balance/Net Position				
June 30, 2019, as previously reported	\$ 1,802,418	\$ 15,530,497	\$ 6,875,892	\$ 31,875,827
Unrecorded Hotel/Motel Tax Revenues	42,694	42,649	-	-
Net Unrecorded Governmental Asset Deletions	-	(126,904)	-	-
Overstated Accumulated Depreciation	-	-	7,152	7,152
Fund Balance/Net Position				
July 1, 2019, as restated	<u>\$ 1,845,112</u>	<u>\$ 15,446,242</u>	<u>\$ 6,883,044</u>	<u>\$ 31,882,979</u>

Note 18 - Future Accounting Pronouncement

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET
AND ACTUAL, ALL GOVERNMENTAL AND PROPRIETARY FUNDS - GAAP BASIS
For the Year Ended June 30, 2020

	Governmental Fund Type Actual	Proprietary Funds Actual	Orange City Area Health System
Revenue:			
Taxes	\$ 3,312,654	\$ -	\$ -
Special Assessments	8,823	-	-
Licenses and Permits	5,992	-	-
Intergovernmental	1,627,142	-	46,628
Charges for Services	643,613	12,515,608	55,294,739
Fines and Forfeits	18,749	-	-
TIF Revenue	1,325,144	-	-
Local Option Sales Tax	1,051,882	-	-
Interest	37,687	136,330	478,180
Miscellaneous	206,725	260,223	551,810
Total Revenue	<u>8,238,411</u>	<u>12,912,161</u>	<u>56,371,357</u>
Expenditures:			
Public Safety	1,338,670	-	-
Public Works	1,274,021	-	-
Culture and Recreation	1,795,578	-	-
Community and Economic Development	447,989	-	-
General Government	763,270	-	-
Capital Projects	2,454,833	-	-
Debt Service	5,066,781	-	-
Business Type Activities	-	11,566,637	56,394,744
Total Expenditures	<u>13,141,142</u>	<u>11,566,637</u>	<u>56,394,744</u>
Excess (deficiency) of revenues over expenditures	(4,902,731)	1,345,524	(23,387)
Other financing sources (uses):			
Proceeds from Debt Financing	3,238,959	-	-
Proceeds from Sale of Real Estate	221,931	-	-
Proceeds from Sale of Fixed Assets	12,883	-	27,089
Capital Contribution	-	430,086	-
Interfund Transfers In	1,155,826	-	-
Interfund Transfers Out	(751,234)	(404,592)	-
Total other financing sources (uses)	<u>3,878,365</u>	<u>25,494</u>	<u>27,089</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,024,366)	1,371,018	3,702
Fund balances/Net position-beginning of year	4,652,111	31,875,827	28,496,670
(Decrease) in Reserve for Inventory	(4,659)	-	-
Prior Period Adjustment	42,694	7,152	-
Fund balances/Net position- end of year	<u>\$ 3,665,780</u>	<u>\$ 33,253,997</u>	<u>\$ 28,500,372</u>

Total Actual	Budgeted Amounts		Final Budget Favorable (Unfavorable)
	Original	Final	
\$ 3,312,654	\$ 3,305,416	\$ 3,305,416	\$ 7,238
8,823	500	500	8,323
5,992	6,700	6,700	(708)
1,673,770	970,435	970,435	703,335
68,453,960	66,164,250	70,664,250	(2,210,290)
18,749	-	-	18,749
1,325,144	1,050,000	1,050,000	275,144
1,051,882	846,853	846,853	205,029
652,197	399,050	399,050	253,147
1,018,758	595,000	667,500	351,258
<u>77,521,929</u>	<u>73,338,204</u>	<u>77,910,704</u>	<u>(388,775)</u>
1,338,670	1,010,280	1,413,030	74,360
1,274,021	1,182,387	1,287,387	13,366
1,795,578	1,907,202	1,907,202	111,624
447,989	602,650	602,650	154,661
763,270	720,192	765,192	1,922
2,454,833	1,660,000	1,660,000	(794,833)
5,066,781	2,006,847	2,006,847	(3,059,934)
67,961,381	62,999,513	67,499,513	(461,868)
<u>81,102,523</u>	<u>72,089,071</u>	<u>77,141,821</u>	<u>(3,960,702)</u>
(3,580,594)	1,249,133	768,883	(4,349,477)
3,238,959	1,575,000	1,890,000	1,348,959
221,931			221,931
39,972	-		39,972
430,086			430,086
1,155,826	1,840,000	1,840,000	(684,174)
(1,155,826)	(1,840,000)	(1,840,000)	684,174
<u>3,930,948</u>	<u>1,575,000</u>	<u>1,890,000</u>	<u>2,040,948</u>
350,354	2,824,133	2,658,883	(2,308,529)
65,024,608	65,024,608	65,024,608	-
(4,659)	-	-	(4,659)
49,846	-	-	49,846
<u>\$ 65,420,149</u>	<u>\$ 67,848,741</u>	<u>\$ 67,683,491</u>	<u>\$ (2,263,342)</u>

CITY OF ORANGE CITY, IOWA
Notes to Required Supplementary Information
June 30, 2020

The City's legal compliance for budget to actual comparison is specified in Chapter 384.16 of the Code of Iowa and is for expenditures by program/function. The City budgets on a modified accrual basis. The legal level of control is at the aggregated function level, not at the fund or fund type level. Budgets are prepared on a program basis for all funds except the agency funds.

During the fiscal year 2020, the City held public hearings and amended the operating budget once. The amendment is as follows:

<u>Program</u>	<u>Original Budget</u>	<u>5/18/20 Amendment</u>	<u>Amended Budget</u>
Public Safety	\$ 1,010,280	\$ 402,750	\$ 1,413,030
Public Works	1,182,387	105,000	1,287,387
Culture & Recreation	1,907,202	-	1,907,202
Community and Economic Development	602,650	-	602,650
General Government	720,192	45,000	765,192
Capital Projects	1,660,000	-	1,660,000
Debt Service	2,006,847	-	2,006,847
Business Type/Enterprise	62,999,513	4,500,000	67,499,513

**CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST SIX FISCAL YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

	2020		2019	
	City	Component Unit	City	Component Unit
Entity's proportion of the net pension liability	0.0254852%	0.285034%	0.0255525%	0.263534%
Entity's proportionate share of the net pension liability	\$ 1,476	\$ 16,597	\$ 1,617	\$ 16,671
Entity's covered payroll	\$ 2,420	\$ 22,563	\$ 2,338	\$ 20,070
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	61%	69%	69%	74%
Plan fiduciary net pension as a percentage of the total pension liability	85%	85%	84%	84%
	2018		2017	
	City	Component Unit	City	Component Unit
Entity's proportion of the net pension liability	0.0250906%	0.258316%	0.0259355%	0.249607%
Entity's proportionate share of the net pension liability	\$ 1,671	\$ 17,063	\$ 1,632	\$ 15,708
Entity's covered payroll	\$ 2,268	\$ 19,108	\$ 2,254	\$ 18,605
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	71%	85%	72%	83%
Plan fiduciary net pension as a percentage of the total pension liability	82%	82%	82%	82%
	2016		2015	
	City	Component Unit	City	Component Unit
Entity's proportion of the net pension liability	0.0249929%	0.250019%	0.0240195%	0.253294%
Entity's proportionate share of the net pension liability	\$ 1,235	\$ 12,352	\$ 953	\$ 10,045
Entity's covered payroll	\$ 2,187	\$ 17,815	\$ 2,102	\$ 17,561
Entity's proportionate share of the net pension liability as a percentage of its covered payroll	64%	66%	44%	56%
Plan fiduciary net pension as a percentage of the total pension liability	85%	85%	88%	88%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Entity will present information for those years for which information is available.

**CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

City	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 240	\$ 232	\$ 213	\$ 206	\$ 202
Contributions in relation to the statutorily required contribution	(240)	(232)	(213)	(206)	(202)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,458	\$ 2,420	\$ 2,338	\$ 2,268	\$ 2,254
Contributions as a percentage of covered payroll	9.76%	9.59%	9.11%	9.07%	8.96%
City	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 199	\$ 193	\$ 169	\$ 154	\$ 134
Contributions in relation to the statutorily required contribution	(199)	(193)	(169)	(154)	(134)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Entity's covered payroll	\$ 2,187	\$ 2,102	\$ 1,875	\$ 1,833	\$ 1,786
Contributions as a percentage of covered payroll	9.10%	9.18%	9.01%	8.40%	7.50%
Component Unit	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 2,161	\$ 2,085	\$ 1,794	\$ 1,672	\$ 1,616
Contributions in relation to the statutorily required contribution	(2,161)	(2,085)	(1,794)	(1,672)	(1,616)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 23,948	\$ 22,563	\$ 20,070	\$ 19,108	\$ 18,605
Contributions as a percentage of covered payroll	9.0%	9.2%	8.9%	8.75%	8.68%
Component Unit	2015	2014	2013	2012	2011
Statutorily required contribution	\$ 1,559	\$ 1,505	\$ 1,416	\$ 1,064	\$ 1,064
Contributions in relation to the statutorily required contribution	(1,559)	(1,505)	(1,416)	(1,064)	(1,064)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Hospital's covered payroll	\$ 17,815	\$ 17,561	\$ 16,778	\$ 15,383	\$ 15,383
Contributions as a percentage of covered payroll	8.75%	8.57%	8.43%	6.92%	6.92%

**CITY OF ORANGE CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

Changes of Benefit Terms:

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of Assumptions

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017
- Adjusted retirement rates
- Lowered disability rates
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (Unfunded Actuarial Liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

City of Orange City, Iowa
Schedule of Changes in the City's
Total OPEB Liability, Related Ratios and Notes
For the Year Ended June 30, 2020

Required Supplementary Information

	2020		2019		2018	
	City	Component Unit	City	Component Unit	City	Component Unit
Service Cost	\$ 5,902	\$ 22,991	\$ 4,547	\$ 22,561	\$ 4,547	\$ 19,853
Interest Cost	2,806	12,466	3,511	13,377	3,445	11,782
Difference between expected and Actual experiences	(9,611)	-	-	56,695	356	-
Changes in assumptions	4,651	34,553	-	(35,738)	8,601	(7,076)
Benefit assumptions	(468)	(33,771)	(7,793)	(35,829)	(4,316)	(9,844)
Net change in total OPEB liability	3,280	36,239	265	21,066	12,543	14,715
Total OPEB liability beginning of year	101,690	349,921	101,425	328,855	88,882	314,140
Total OPEB liability end of year	\$ 104,970	\$ 386,160	\$ 101,690	\$ 349,921	\$ 101,425	\$ 328,855
Covered – employee payroll (in thousands)	\$ 2,187	\$ 18,375	\$ 2,094	\$ 19,051	\$ 2,053	\$ 16,132
Total OPEB liability as a percentage Of covered – employee payroll	4.80%	2.10%	4.86%	1.84%	4.94%	2.04%

Notes to Schedule of Changes in the GAAP City's Total OPEB Liability and Related Ratios

Changes in benefit terms:

There were no significant changes in benefit terms

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

	City	Component Unit
Year ended June 30, 2020	2.47%	2.21%
Year ended June 30, 2019	3.44%	3.50%
Year ended June 30, 2018	3.44%	3.87%
Year ended June 30, 2017	4.50%	3.58%

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the entity will present information for those years for which information is available.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 JUNE 30, 2020

	Special Revenue		Capital Projects	
	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements	2018 Street Project
Assets				
Cash and Pooled Investments	\$ 229,192	\$ 88,324	\$ 87,222	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)				
Notes Receivable	416,094	101,707	-	-
Total Assets	645,286	190,031	87,222	-
Liabilities				
Accounts Payable	-	-	74,118	29,625
Due to Other Funds	-	-	-	91,216
Total Liabilities	-	-	74,118	120,841
Fund Balances				
Nonspendable:				
Permanent Fund Principal	-	-	-	-
Restricted for:				
Economic Development	645,286	190,031	-	-
Assigned for:				
Capital Projects	-	-	13,104	-
Unassigned	-	-	-	(120,841)
Total Fund Balances	645,286	190,031	13,104	(120,841)
Total Liabilities, and Fund Balances	\$ 645,286	\$ 190,031	\$ 87,222	\$ -

2020 Street Project	Capital Projects		Streetlight Project	Permanent Cemetery Perpetual Care Fund	Total Governmental Nonmajor Funds
	MOC FV School Project				
\$ -	\$ -	\$ -	-	\$ 114,200	\$ 518,938
-	-	-	-	-	517,801
-	-	-	-	114,200	1,036,739
235,047	47,697	-	-	-	386,487
254,539	73,894	8,557	-	-	428,206
489,586	121,591	8,557	-	-	814,693
-	-	-	-	114,200	114,200
-	-	-	-	-	835,317
-	-	-	-	-	13,104
(489,586)	(121,591)	(8,557)	-	-	(740,575)
(489,586)	(121,591)	(8,557)	-	114,200	222,046
\$ -	\$ -	\$ -	-	\$ 114,200	\$ 1,036,739

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2020

	Special Revenue		Capital Projects	
	USDA Revolving Loan	USDA IRP-Loan	Dunlop Park Improvements	2018 Street Project
Revenue:				
Taxes				
Special Assessments	\$ -	\$ -	\$ -	\$ 3,280
Intergovernmental	236,103	-	-	-
Interest on Investments	1,035	8,032	-	-
Miscellaneous	-	-	-	33,706
Total Revenue	237,138	8,032	-	36,986
Expenditures:				
Community and Economic Development	-	55,689	-	-
Capital Projects	-	-	463,197	151,648
Debt Service:				
Interest/Bond Costs	-	8,311	-	-
Total Expenditures	-	64,000	463,197	151,648
Excess (deficiency) of revenues over expenditures	237,138	(55,968)	(463,197)	(114,662)
Net Change in Fund Balance	237,138	(55,968)	(463,197)	(114,662)
Fund balances - beginning of year	408,148	245,999	476,301	(6,179)
Fund balances - end of year	\$ 645,286	\$ 190,031	\$ 13,104	\$ (120,841)

	Capital Projects		Permanent	Total
2020 Street Project	MOC FV School Project	Streetlight Project	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 3,280
-	-	-	-	236,103
-	-	-	-	9,067
-	-	-	3,825	37,531
-	-	-	3,825	285,981
-	-	-	-	55,689
489,586	121,591	8,557	-	1,234,579
-	-	-	-	8,311
489,586	121,591	8,557	-	1,298,579
(489,586)	(121,591)	(8,557)	3,825	(1,012,598)
(489,586)	(121,591)	(8,557)	3,825	(1,012,598)
-	-	-	110,375	1,234,644
\$ (489,586)	\$ (121,591)	\$ (8,557)	\$ 114,200	\$ 222,046

CITY OF ORANGE CITY, IOWA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>PAYROLL CLEARING</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 41,245	\$ 1,183,676	\$ 1,173,286	\$ 51,635
Total Assets	<u>41,245</u>	<u>1,183,676</u>	<u>1,173,286</u>	<u>51,635</u>
<u>Liabilities</u>				
Accounts Payable	41,245	1,183,676	1,173,286	51,635
Total Liabilities	<u>\$ 41,245</u>	<u>\$ 1,183,676</u>	<u>\$ 1,173,286</u>	<u>\$ 51,635</u>

STATISTICAL SECTION

This part of the City of Orange City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	84
These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.	
Revenue Capacity	87
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	91
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Operating Information	101
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	
Demographic and Economic Information	105
These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets	\$ 9,120,514	\$ 10,326,246	\$ 10,930,092	\$ 10,998,957	\$ 12,957,403	\$ 13,760,478	\$ 15,365,666	\$ 14,234,324	\$ 15,407,790	\$ 16,241,529
Restricted	1,183,616	1,011,688	1,799,523	1,194,599	1,780,488	2,288,094	2,682,327	2,117,016	2,326,682	2,534,566
Unrestricted	(1,755,888)	(1,009,192)	(2,897,122)	(2,337,049)	(4,044,115)	(3,176,284)	(5,193,819)	(2,301,395)	(2,203,975)	(1,490,304)
Total governmental activities net position	\$ 8,548,242	\$ 10,328,742	\$ 9,832,493	\$ 9,856,507	\$ 10,693,776	\$ 12,872,288	\$ 12,854,174	\$ 14,049,945	\$ 15,530,497	\$ 17,285,791
Business-type activities										
Net Investment in Capital Assets	\$ 12,126,884	\$ 12,336,353	\$ 13,537,488	\$ 14,068,240	\$ 15,609,054	\$ 15,866,940	\$ 18,557,290	\$ 18,475,912	\$ 22,168,051	\$ 23,275,413
Restricted	990,235	1,234,478	1,183,889	1,285,989	1,228,080	1,100,341	1,064,092	1,978,634	1,931,597	1,809,786
Unrestricted	8,292,614	8,740,929	8,214,047	10,048,505	9,959,744	9,998,470	8,468,495	9,309,366	7,776,179	8,168,798
Total business-type activities net position	\$ 21,409,733	\$ 22,311,760	\$ 22,935,424	\$ 25,402,734	\$ 26,796,878	\$ 26,957,751	\$ 28,109,877	\$ 29,763,912	\$ 31,875,827	\$ 33,253,997
Primary government										
Net Investment in Capital Assets	\$ 21,247,398	\$ 22,662,599	\$ 24,467,580	\$ 25,067,197	\$ 28,566,457	\$ 29,619,418	\$ 33,922,956	\$ 32,710,236	\$ 37,575,841	\$ 39,516,942
Restricted	2,173,851	2,246,166	2,983,412	2,480,588	3,008,568	3,388,435	3,746,419	4,095,650	4,258,279	4,344,352
Unrestricted	6,536,726	7,731,737	5,316,925	7,711,456	5,915,629	6,822,186	3,294,676	7,007,971	5,572,204	6,678,494
Total primary government net position	\$ 29,957,975	\$ 32,640,502	\$ 32,767,917	\$ 35,259,241	\$ 37,490,654	\$ 39,830,039	\$ 40,964,051	\$ 43,813,857	\$ 47,406,324	\$ 50,539,788

City of Orange City
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
Public Safety	\$ 830,457	\$ 828,199	\$ 833,780	\$ 872,249	\$ 872,626	\$ 925,097	\$ 972,996	\$ 1,088,140	\$ 1,106,146	\$ 1,158,235
Public Works	1,975,401	1,778,275	1,619,083	1,613,585	1,557,306	1,663,733	1,571,805	1,907,228	1,605,411	1,736,174
Culture and Recreation	1,311,021	1,454,835	1,434,484	1,291,006	1,499,304	1,781,317	1,805,929	1,868,414	1,869,376	1,885,121
Community and Economic Development	1,572,043	317,481	325,702	325,474	258,417	371,010	697,831	558,788	302,629	447,647
General Government	714,572	1,144,619	2,345,344	992,494	731,785	742,301	712,651	820,252	962,503	902,555
Debt Service	347,165	542,187	431,845	355,325	338,539	357,017	319,025	331,151	404,484	447,191
Total governmental activities expenses	6,750,659	6,065,596	6,990,238	5,450,133	5,257,977	5,840,475	6,080,237	6,363,973	6,250,549	6,576,923
Business-Type Activities:										
Electric	6,891,993	6,941,319	6,327,351	6,684,885	7,074,776	7,206,806	7,498,724	7,425,922	7,488,064	7,529,566
Water	873,848	909,721	943,567	917,303	899,459	1,461,287	964,647	937,061	1,023,038	1,123,054
Sewer	601,445	596,619	523,094	540,096	571,113	657,992	572,314	856,862	1,159,532	1,290,271
Gas	2,858,896	2,069,753	2,013,797	2,675,250	2,134,813	1,528,581	1,768,495	2,197,738	2,019,069	1,623,746
Total business-type activities expenses	11,226,182	10,517,412	9,807,809	10,817,534	10,680,161	10,854,666	10,804,180	11,417,583	11,689,703	11,566,637
Total primary government expenses	17,976,841	16,583,008	16,798,047	16,267,667	15,938,138	16,695,141	16,884,417	17,781,556	17,940,252	18,143,560
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	18,328	43,050	22,593	19,309	15,943	39,164	19,299	17,396	12,713	14,860
Public Works	246,619	241,952	257,210	312,823	310,203	479,824	314,332	326,399	338,514	332,050
Culture and Recreation	237,037	232,520	275,661	343,273	306,300	309,631	317,778	323,621	285,554	254,332
Community & Economic Development	22,883	81,442	31,480	32,099	46,335	55,683	82,191	40,867	59,802	36,764
General Government	11,805	46,580	48,534	41,174	35,662	96,387	131,951	60,160	62,682	56,840
Operating grants and contributions	748,271	893,471	970,358	916,877	1,242,721	1,134,628	1,105,119	1,135,321	1,634,276	1,634,276
Capital grants and contributions	-	1,236,083	399,850	916,877	217,763	764,281	272,133	110,463	26,110	25,498
Total governmental activities program revenues	1,284,943	2,775,098	2,005,686	1,665,555	2,174,927	2,879,398	2,242,803	2,014,227	2,037,807	2,354,620
Business-type activities:										
Charges for services:										
Electric	7,427,476	7,640,948	7,011,542	7,522,021	7,805,183	7,776,001	8,362,166	8,473,321	8,572,893	8,376,741
Water	831,730	977,427	882,207	886,144	900,765	934,342	1,033,612	1,016,294	949,619	990,432
Sewer	566,441	609,951	606,825	592,445	715,410	842,497	894,726	1,233,550	1,365,898	1,347,115
Gas	3,027,700	2,129,278	2,156,043	2,809,763	2,114,065	1,595,054	1,784,999	2,412,384	2,271,617	1,801,320
Total business-type activities program revenues	11,853,347	11,357,604	10,656,617	11,810,373	11,535,423	11,147,894	12,075,503	13,135,549	13,160,027	12,515,608
Total primary government program revenues	13,138,290	14,132,702	12,662,303	13,475,928	13,710,350	14,027,292	14,318,306	15,149,776	15,197,834	14,870,228
Net (expense)/revenue										
Governmental activities	(5,465,716)	(3,290,498)	(4,984,552)	(3,784,578)	(3,083,050)	(2,961,077)	(3,837,434)	(4,349,746)	(4,212,742)	(4,222,303)
Business-type activities	627,165	840,192	848,808	992,839	855,262	293,228	1,271,323	1,717,966	1,470,324	948,971
Total primary government net expense	\$ (4,838,551)	\$ (2,450,306)	\$ (4,135,744)	\$ (2,791,739)	\$ (2,227,788)	\$ (2,667,849)	\$ (2,566,111)	\$ (2,631,780)	\$ (2,742,418)	\$ (3,273,332)

City of Orange City
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,819,037	\$ 3,265,842	\$ 3,298,474	\$ 3,478,291	\$ 3,515,407	\$ 3,573,908	\$ 4,144,235	\$ 4,204,400	\$ 4,394,724	\$ 4,637,798
Local option sales tax	646,042	669,520	736,474	710,785	792,255	846,836	950,305	851,052	911,382	1,051,882
Investment Earnings	3,963	11,297	9,621	2,328	8,935	8,864	13,109	11,555	46,327	37,687
Gain on Sale of Assets	100,120	94,548	145,696	52,023	55,600	168,810	267,743	55,000	373,551	208,491
Miscellaneous	196,505	117,618	117,465	45,850	97,363	-	-	176,451	82,746	151,488
Transfers	569,088	912,173	442,342	(480,685)	451,895	389,219	318,303	272,189	(115,436)	(25,494)
Total governmental activities	4,334,755	5,070,998	4,750,072	3,808,592	4,921,455	4,987,637	5,693,695	5,570,647	5,693,294	6,061,852
Business-type activities										
Investment Earnings	18,935	18,772	18,988	16,015	32,655	15,219	41,730	43,469	136,084	136,330
Gain on Sale of Joint Venture	-	-	-	-	926,349	-	-	-	-	-
Miscellaneous	313,364	955,236	382,211	977,771	364,780	241,645	157,376	174,431	390,071	260,223
Transfers	(569,088)	(912,173)	(442,342)	480,685	(451,895)	(389,219)	(318,303)	(272,189)	115,436	25,494
Total business-type activities	(236,789)	61,835	(41,143)	1,474,471	871,889	(132,355)	(119,197)	(54,289)	641,591	422,047
Total primary government	4,097,966	5,132,833	4,708,929	5,283,063	5,793,344	4,855,282	5,574,498	5,516,358	6,334,885	6,483,899
Change in Net Position										
Governmental activities	(1,130,961)	1,780,500	(234,480)	24,014	1,838,405	2,026,560	1,856,261	1,220,901	1,480,552	1,839,549
Business-type activities	390,376	902,027	807,665	2,467,310	1,727,151	160,873	1,152,126	1,663,677	2,111,915	1,371,018
Total primary government	\$ (740,585)	\$ 2,682,527	\$ 573,185	\$ 2,491,324	\$ 3,565,556	\$ 2,187,433	\$ 3,008,387	\$ 2,884,578	\$ 3,592,467	\$ 3,210,567

City of Orange City
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Hotel/Motel Tax</u>	<u>Total</u>
2011	\$ 2,819,037	\$ 612,552	\$ 33,490	\$ 3,465,079
2012	3,265,842	636,004	33,516	3,935,362
2013	3,298,474	697,311	39,163	4,034,948
2014	3,478,291	665,445	45,340	4,189,076
2015	3,516,500	729,579	62,676	4,308,755
2016	3,573,908	732,685	114,151	4,420,744
2017	4,144,235	817,220	133,085	5,094,540
2018	4,204,400	710,777	140,275	5,055,452
2019	4,394,724	750,206	161,176	5,306,106
2020	\$ 4,637,798	\$ 927,238	\$ 124,644	\$ 5,689,680

City of Orange City
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Unreserved/Unassigned	\$ 1,611,731	\$ 1,685,923	\$ 1,662,462	\$ 1,485,642	\$ 1,455,766	\$ 1,237,614	\$ 1,460,698	\$ 1,438,611	\$ 1,802,418	\$ 1,828,076
Total General Fund	\$ 1,611,731	\$ 1,685,923	\$ 1,662,462	\$ 1,485,642	\$ 1,455,766	\$ 1,237,614	\$ 1,460,698	\$ 1,438,611	\$ 1,802,418	\$ 1,828,076
All other governmental funds										
Nonspendable	\$ 108,324	\$ 113,584	\$ 99,475	\$ 102,475	\$ 105,923	\$ 115,943	\$ 114,087	\$ 123,176	\$ 129,674	\$ 128,840
Spendable - Restricted	1,075,292	3,388,875	1,729,040	1,118,673	1,703,352	2,172,151	2,592,476	2,023,314	2,249,897	2,436,335
Spendable - Assigned	52,504	6,000	9,683	-	-	162,486	167,486	112,662	476,301	13,104
Spendable - Unassigned	(852,789)	(240,584)	(656,870)	(193,747)	(1,252,696)	(681,288)	(3,270,466)	(393,453)	(6,179)	(740,575)
Total all other governmental funds	\$ 383,331	\$ 3,267,875	\$ 1,181,328	\$ 1,027,401	\$ 556,579	\$ 1,769,292	\$ (396,417)	\$ 1,865,699	\$ 2,849,693	\$ 1,837,704

City of Orange City
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes	\$ 2,357,270	\$ 2,579,057	\$ 2,551,158	\$ 2,663,304
Special Assessments	-	-	-	611
Licenses and permits	4,541	5,288	5,600	6,348
Intergovernmental	748,271	1,969,554	1,242,033	860,790
Charges for services	440,500	535,950	588,213	710,928
Fines and Forfeits	28,640	44,919	40,664	29,896
Contributions from Property Owners	8,109	2,029	1,001	53,087
TIF Revenue	468,922	688,900	748,320	815,553
Local Options Sales Tax	646,042	669,520	736,474	710,785
Investment Earnings	3,963	11,297	9,621	2,328
Miscellaneous	342,347	429,524	391,336	106,335
Total revenues	<u>5,048,605</u>	<u>6,936,038</u>	<u>6,314,420</u>	<u>5,959,965</u>
Expenditures				
Public safety	757,212	790,598	749,557	811,614
Public works	810,124	1,018,539	1,027,380	1,098,769
Culture and recreation	1,102,791	1,265,084	1,215,909	1,231,065
Community and economic development	221,428	317,787	325,237	325,398
General government	695,362	1,150,288	2,215,628	866,915
Capital projects	2,336,490	5,601,071	856,115	1,541,643
Debt service				
Principal	850,000	2,770,000	3,475,000	1,330,000
Interest	347,366	663,442	435,210	357,768
Total expenditures	<u>7,120,773</u>	<u>13,576,809</u>	<u>10,300,036</u>	<u>7,563,172</u>
Excess of revenues over (under) expenditures	(2,072,168)	(6,640,771)	(3,985,616)	(1,603,207)
Other financing sources (uses)				
Issuance of Debt	1,500,000	8,685,000	1,450,000	905,000
Proceeds From Sale of Fixed Assets	-	-	-	-
Transfers In	1,135,326	1,718,587	1,227,493	1,933,500
Transfers Out	(566,238)	(806,414)	(785,151)	(1,566,040)
Total other financing sources (uses)	<u>2,069,088</u>	<u>9,597,173</u>	<u>1,892,342</u>	<u>1,272,460</u>
Net change in fund balances	<u>\$ (3,080)</u>	<u>\$ 2,956,402</u>	<u>\$ (2,093,274)</u>	<u>\$ (330,747)</u>
Debt Service as a percentage of noncapital expenditures	25.0%	43.0%	41.4%	28.0%

City of Orange City
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

		Fiscal Year									
		<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>				
\$	2,663,371	\$	2,678,042	\$	3,022,560	\$	3,118,441	\$	3,171,229	\$	3,312,654
	2,989		136,656		25,890		27,049		9,413		8,823
	6,326		6,125		6,779		6,691		6,548		5,992
	1,418,642		1,402,468		1,105,119		1,112,570		1,244,531		1,627,142
	679,390		702,580		717,798		699,514		690,537		643,613
	25,142		28,891		24,501		24,095		18,590		18,749
	58,130		-		-		-		-		-
	853,129		895,866		1,121,675		1,085,959		1,223,495		1,325,144
	792,255		846,836		950,305		851,052		911,382		1,051,882
	8,935		8,864		13,109		11,555		46,327		37,687
	137,271		727,463		652,369		400,813		527,908		206,725
	<u>6,645,580</u>		<u>7,433,791</u>		<u>7,640,105</u>		<u>7,337,739</u>		<u>7,849,960</u>		<u>8,238,411</u>
	864,188		978,225		946,213		985,180		1,195,629		1,338,670
	990,558		1,324,398		1,011,665		1,204,569		1,095,815		1,274,021
	1,578,372		1,648,339		1,660,106		1,775,252		1,736,660		1,795,578
	257,568		347,749		418,778		449,681		343,352		447,989
	613,733		614,203		586,020		710,129		794,315		763,270
	2,302,188		2,654,972		3,300,232		1,188,431		2,279,074		2,454,833
	1,490,000		3,065,000		1,820,000		1,625,000		1,590,000		4,580,000
	336,301		348,172		338,213		299,137		398,991		486,781
	<u>8,432,908</u>		<u>10,981,058</u>		<u>10,081,227</u>		<u>8,237,379</u>		<u>9,433,836</u>		<u>13,141,142</u>
	(1,787,328)		(3,547,267)		(2,441,122)		(899,640)		(1,583,876)		(4,902,731)
	835,000		4,145,588		-		2,718,952		2,521,729		3,238,959
	-		-		-		-		-		234,814
	1,211,895		1,658,616		1,411,831		2,254,818		1,047,401		1,155,826
	<u>(760,000)</u>		<u>(1,269,397)</u>		<u>(909,453)</u>		<u>(1,838,579)</u>		<u>(640,000)</u>		<u>(751,234)</u>
	<u>1,286,895</u>		<u>4,534,807</u>		<u>502,378</u>		<u>3,135,191</u>		<u>2,929,130</u>		<u>3,878,365</u>
\$	<u>(500,433)</u>	\$	<u>987,540</u>	\$	<u>(1,938,744)</u>	\$	<u>2,235,551</u>	\$	<u>1,345,254</u>	\$	<u>(1,024,366)</u>
	29.8%		41.0%		31.8%		27.3%		25.0%		50.1%

City of Orange City
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended <u>June 30</u>	Real Property		Utilities		Total		Weighted Average Direct Property Tax Rate	Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2011	\$179,718,563	\$298,824,053	\$1,530,692	\$1,530,692	\$ 181,249,255	\$ 300,354,745	13.9632	60.35%
2012	186,572,943	307,648,687	1,504,207	1,504,207	188,077,150	309,152,894	15.1299	60.84%
2013	193,695,499	312,339,104	1,439,678	1,439,678	195,135,177	313,778,782	14.4604	62.19%
2014	203,344,454	319,146,298	1,397,513	1,397,513	204,741,967	320,543,811	14.4413	63.87%
2015	212,032,667	332,787,311	1,344,293	1,344,293	213,376,960	334,131,604	13.9507	63.86%
2016	214,892,352	337,075,899	1,386,135	1,386,135	216,278,487	338,462,034	13.9852	63.90%
2017	232,506,882	363,623,547	1,352,493	1,352,493	233,859,375	364,976,040	14.5616	64.08%
2018	231,935,310	369,037,370	1,317,393	1,317,393	233,252,703	370,354,763	14.7916	62.98%
2019	253,335,501	400,285,037	1,259,770	1,259,770	254,595,271	401,544,807	14.3286	63.40%
2020	\$266,403,717	\$412,624,407	\$1,201,233	\$1,201,233	\$ 267,604,950	\$ 413,825,640	\$ 14.4650	64.67%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

**City of Orange City
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Orange City				Overlapping Rates					Total Direct & Overlapping Rates
	Debt		Total City Millage	Sioux County		MOC-FV School District			Area Vocational School	
	Operating Millage	Service Millage		Operating Millage	Debt Service Millage	Operating Millage	Debt Service Millage	Total School Millage		
2011	\$ 7.8530	\$ 6.1102	\$ 13.9632	\$ 4.9846	\$ 0.3902	\$ 5.3747	\$ 12.7738	\$ -	\$ 0.6763	\$ 32.7881
2012	7.8767	7.2532	15.1299	4.9885	0.3750	5.3635	11.6943	-	0.6506	32.8383
2013	7.8835	6.5769	14.4604	4.9911	0.3491	5.3402	11.7232	-	0.6438	32.1675
2014	7.9024	6.5389	14.4413	4.9694	0.3659	5.3352	10.9162	-	0.6907	31.3834
2015	7.9280	6.0227	13.9507	5.0911	0.3400	5.4311	10.4391	-	0.6910	30.5119
2016	7.9356	6.0496	13.9852	5.0488	0.3335	5.3822	10.2199	-	0.7335	30.3208
2017	7.7209	6.8406	14.5616	4.8769	0.3028	5.1797	10.2316	-	0.7812	30.7541
2018	8.4969	6.2947	14.7916	4.7626	0.2843	5.0469	10.2388	-	0.7905	30.5784
2019	8.4859	5.8427	14.3286	4.8476	0.2720	5.1196	10.1855	-	0.7942	30.4279
2020	\$ 8.6300	\$ 5.8350	\$ 14.4650	\$ 4.5660	\$ 0.2521	\$ 4.8181	\$ 10.2260	\$ -	\$ 0.9938	\$ 30.5029

Taxes due July 1

Taxes delinquent first half - October 1; second half - April 1.

Penalties for delinquency: 1.5 percent per month.

Discount allowed: none

Uncollected taxes handled as follows: delinquent real estate tax list published in newspaper prior to May 16.

Taxes collected by Sioux County and distributed to the City of Orange City in proportion of its levy to all levies.

Tax sale date: first Monday in June.

Source: The tax rates are obtained from the Sioux County Courthouse - Auditor's Office.

City of Orange City
Principal Property Taxpayers
June 30, 2020

	2020			2011		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Vogel Enterprises Inc.	\$ 15,539,160	1	6.1%	\$ 8,253,790	2	2.7%
SCC10 Orange City	9,184,440	2	3.6%	9,268,450	1	3.1%
Hillicrest Apartments LLC	4,939,440	3	1.9%			
Smithfield Premium Pet Health LLC	4,784,450	4	1.9%			
Prairie Winds Hotel Holdings	4,204,220	5	1.7%			
Aerospace Holdings LLC	3,422,690	6	1.3%	1,394,530	8	0.5%
OCDC, Inc.	3,089,734	7	1.2%	2,598,680	4	0.9%
Groeneweg, Ardie Rev Trust	2,404,640	8	0.9%			
Krull Ltd.	2,355,750	9	0.9%	1,635,140	6	0.5%
Revival Animal Health Inc.	1,815,670	10	0.7%			
Iowa State Bank Orange City				1,515,870	7	0.5%
Advanced Brands LLC				5,319,160	3	1.8%
Pizza Ranch Headquarters				2,021,640	5	0.7%
Northwest Rural Electric Coop				1,340,585	9	0.4%
Dutch Colony Inn				1,335,350	10	0.4%
Totals	\$ 51,740,194		20.3%	\$ 34,683,195		11.5%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

**City of Orange City
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended <u>6/30</u>	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2011	\$ 2,375,426	\$ 2,351,672	99.00%	\$ 5,598	\$ 2,357,270	99.24%
2012	2,632,123	2,526,838	96.00%	52,219	2,579,057	97.98%
2013	2,571,446	2,545,732	99.00%	5,426	2,551,158	99.21%
2014	2,663,471	2,660,808	99.90%	2,496	2,663,304	99.99%
2015	2,660,942	2,658,993	99.93%	4,378	2,663,371	100.09%
2016	2,676,223	2,674,162	99.92%	3,880	2,678,042	100.07%
2017	3,020,665	3,018,665	99.93%	3,895	3,022,560	100.06%
2018	3,113,207	3,110,985	99.93%	7,456	3,118,441	100.17%
2019	3,167,560	3,154,067	99.57%	17,162	3,171,229	100.12%
2020	\$ 3,313,269	\$ 3,279,734	98.99%	\$ 32,920	\$ 3,312,654	99.98%

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>				<u>Total Primary Government</u>	<u>% of Personal Income</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Electric Bonds</u>	<u>Water Bonds</u>	<u>Sewer Bonds</u>	<u>Gas Bonds</u>				
2011	\$ 9,410,000	\$ 2,165,000	\$ 1,850,000	\$ 500,000	\$ 1,055,000	\$ 14,980,000	496.96%	\$ 2,495	
2012	15,325,000	4,845,000	4,535,000	390,000	865,000	25,960,000	861.23%	4,324	
2013	13,300,000	4,525,000	4,420,000	260,000	765,000	23,270,000	764.68%	3,876	
2014	12,875,000	4,180,000	2,745,000	130,000	660,000	20,590,000	676.61%	3,429	
2015	12,220,000	3,830,000	2,540,000	-	555,000	19,145,000	629.13%	3,189	
2016	13,160,000	3,470,000	2,330,000	-	450,000	19,410,000	637.84%	3,233	
2017	11,340,000	3,105,000	2,120,000	-	340,000	16,905,000	555.52%	2,816	
2018	12,415,000	2,725,000	1,910,000	8,715,000	230,000	25,995,000	862.39%	4,330	
2019	13,105,000	2,337,000	1,690,000	8,360,000	115,000	25,607,000	849.52%	4,265	
2020	\$ 11,565,000	\$ 2,102,000	\$ 1,470,000	\$ 8,005,000	-	\$ 23,142,000	849.52%	\$ 3,854	

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics on page 102 for personal income and population data.

**City of Orange City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2011	\$ 9,410,000	\$ 64,480	\$ 9,345,520	3.11	\$ 1,672.13
2012	15,325,000	2,496,771	12,828,229	4.17	2,295.26
2013	13,300,000	76,972	13,223,028	4.24	2,202.37
2014	12,875,000	66,652	12,808,348	4.03	2,133.30
2015	12,220,000	94,881	12,125,119	3.63	2,019.51
2016	13,160,000	241,411	12,918,589	3.82	2,151.66
2017	11,340,000	271,967	11,068,033	3.03	1,843.44
2018	12,415,000	324,124	12,090,876	3.28	2,013.80
2019	13,105,000	114,297	12,937,814	3.22	2,154.87
2020	\$ 11,565,000	\$ 149,011	\$ 11,415,989	2.75	\$ 1,901.40

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.
Population data can be found in the Schedule of Demographic and Economic Statistics.
See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

**City of Orange City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: School District	\$ 5,849,199	38.73%	\$ 2,265,395
Debt repaid with property taxes; Sioux County	8,400,000	12.14%	1,019,760
Subtotal, overlapping debt			<u>\$ 3,285,155</u>
City of Orange City direct debt			<u>11,565,000</u>
Total direct and overlapping debt			<u><u>\$ 14,850,155</u></u>

Sources: Debt outstanding data provided by the school and Sioux County Auditor Office.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Orange City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

1 The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

**City of Orange City
Legal Debt Margin Information
Last Ten Fiscal Years**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 15,017,737	\$ 15,381,996	\$ 15,615,047	\$ 15,957,315	\$ 16,639,365	\$ 16,853,795	\$ 18,181,177	\$ 18,451,869	\$ 20,014,252	\$ 20,631,220
Total net debt applicable to limit	9,410,000	12,828,229	13,226,028	12,808,348	12,125,119	12,918,589	12,132,128	12,953,100	13,598,167	12,291,033
Legal debt margin	\$ 5,615,551	\$ 5,607,737	\$ 2,553,767	\$ 2,389,019	\$ 3,148,967	\$ 4,514,246	\$ 3,935,206	\$ 6,049,049	\$ 5,498,769	\$ 8,340,187
Total net debt applicable to the limit as a percentage of debt limit	60.82%	62.66%	83.40%	84.70%	80.27%	72.87%	76.65%	66.73%	70.20%	59.57%

Legal Debt Margin Calculation for Fiscal Year 2020

Assessed value	\$ 412,624,407
Total assessed value	<u>412,624,407</u>
Debt limit (5% of total assessed value)	20,631,220
Debt applicable to limit:	
General obligation bonds	11,565,000
Urban Renewal Development Agreements	905,653
Less Amount in Debt Service Fund	(179,620)
Total net debt applicable to limit	<u>12,291,033</u>
Legal debt margin	<u>\$ 8,340,187</u>

Note: Under state finance law, the City of Orange City's outstanding general obligation debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Orange City
Pledged-Revenue Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Electric Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2011	\$ 7,478,164	\$ 6,123,211	\$ 1,354,953	\$ 200,000	\$ 96,163	4.58
2012	8,310,961	6,194,388	2,116,573	1,320,000	95,348	1.50
2013	7,057,722	5,374,681	1,683,041	320,000	102,769	3.98
2014	7,999,338	5,559,030	2,440,308	345,000	99,014	5.50
2015	7,889,276	5,756,923	2,132,353	350,000	94,185	4.80
2016	7,759,613	5,905,746	1,853,867	360,000	88,766	4.13
2017	8,406,522	6,355,393	2,051,129	365,000	72,455	4.69
2018	8,592,902	6,400,163	2,192,739	380,000	63,950	4.94
2019	8,936,716	6,400,015	2,536,701	388,000	58,773	5.68
2020	8,594,277	6,399,975	2,194,302	232,000	50,360	7.77

<u>Fiscal Year</u>	<u>Water Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2011	1,103,182	541,275	561,907	105,000	86,531	2.93
2012	1,270,145	539,261	730,884	110,000	117,801	3.21
2013	1,218,594	519,783	698,811	115,000	137,969	2.76
2014	1,252,319	545,862	706,457	1,675,000	99,558	0.40
2015	1,008,205	559,105	449,100	205,000	60,863	1.69
2016	1,141,088	921,581	219,507	210,000	58,723	0.82
2017	1,082,756	615,446	467,310	210,000	56,087	1.76
2018	1,080,171	632,146	448,025	210,000	52,927	1.70
2019	1,003,003	645,810	357,193	220,000	49,150	1.33
2020	\$ 1,042,812	\$ 725,819	\$ 316,993	\$ 225,000	\$ 40,130	1.20

Note: Operating Expenses do not include depreciation expense

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Orange City
Pledged-Revenue Coverage
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2011	\$ 574,887	\$ 385,032	\$ 189,855	\$ 95,000	\$ 31,369	1.50
2012	619,534	396,497	223,037	630,000	10,731	0.35
2013	625,457	364,652	260,805	130,000	3,737	1.95
2014	742,217	357,322	384,895	130,000	2,925	2.90
2015	914,621	399,720	514,901	130,000	1,625	3.91
2016	908,510	485,953	422,557	-	-	-
2017	1,000,275	387,940	612,335	-	-	-
2018	1,256,976	408,665	848,311	100,000	255,920	2.38
2019	1,464,073	486,307	977,766	355,000	290,131	1.52
2020	1,465,101	639,740	825,361	360,000	282,860	1.28

<u>Fiscal Year</u>	<u>Gas Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2011	3,029,413	2,714,939	314,474	95,000	51,344	2.15
2012	2,130,972	1,973,501	157,471	1,125,000	23,494	0.14
2013	2,156,043	1,920,062	235,981	100,000	15,448	2.04
2014	2,810,285	2,580,109	230,176	105,000	14,823	1.92
2015	2,120,756	1,957,138	163,618	105,000	13,772	1.38
2016	1,595,549	1,442,028	153,521	105,000	12,461	1.31
2017	1,785,056	1,672,856	112,200	110,000	10,832	0.93
2018	2,413,217	2,092,061	321,156	110,000	8,743	2.70
2019	2,282,390	1,954,793	327,597	115,000	6,268	2.70
2020	\$ 1,809,971	\$ 1,549,279	\$ 260,692	\$ -	\$ -	-

Note: Operating Expenses do not include depreciation expense

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

**City of Orange City
Principal Employers
June 30, 2020**

	2020			2011		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Population</u>
Staples Inc.	515	1	8.58%	450	3	7.50%
Orange City Health System	495	2	8.24%	500	1	8.33%
Diamond Vogel Paints	350	3	5.83%	350	4	5.83%
Premium Pet Health	230	4	3.83%			0.00%
Quatro Composites Inc.	230	5	3.83%	69	7	1.15%
Northwestern College	180	6	3.00%	180	5	3.00%
MOC-FV School District	180	7	3.00%			0.00%
Sioux County Courthouse	75	8	1.25%			0.00%
Civco Medical Solutions	70	9	1.17%	75	6	1.25%
Revival Animal Health	65	10	1.08%	60	8	1.00%
EZ Liner Industrial	40		0.67%	40	9	0.67%
Silent Drive Inc.	30		0.50%	30	10	0.50%
Advance Brands				475	2	7.91%
Total	2,460		40.97%	2,229		37.13%

Note: Source for this data was obtained from Iowa Workforce Development

**City of Orange City
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government	10	10	10	10	10	10	10	10	11	9
Public Safety										
Police Officers	7	7	7	7	7	7	7	7	7	7
Highways and streets	3	3	3	3	3	3	3	3	3	3
Culture and recreation	3	3	3	3	3	3	3	3	3	3
Library	1	1	1	2	2	2	2	2	3	2
Electric	5	5	5	5	5	5	5	5	5	5
Water	2	2	2	2	2	2	2	2	2	2
Sewer	1	1	1	1	1	1	1	1	2	2
Gas	2	2	2	2	2	2	2	2	2	2
Total	34	34	34	35	35	35	35	35	38	35

Sources: Various city departments.

City of Orange City
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government										
Zoning Permits Issued	56	78	62	68	89	65	95	81	81	80
Police										
Physical Arrests	99	112	83	92	76	69	88	91	114	93
Parking Violations	231	247	281	274	224	258	237	210	202	216
Traffic Violations	460	442	430	439	368	403	353	510	336	228
Fire										
Emergency Responses	61	52	72	98	112	107	104	92	75	84
Fires Extinguished	5	7	11	13	7	6	4	5	3	6
Refuse Collection										
Refuse collected (tons per day)	9	9	9	9	9	9	9	9	9	9
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	1	1
Parks & Recreation										
Pool Passes Issued (Budget Pass)	93	86	79	71	63	54	48	35	57	46
Pool Passes Issued (Individual Pass)	60	52	47	42	80	74	63	56	71	88
Pool Passes Issued (Family Pass)	229	243	256	237	202	217	205	220	235	196
Pool Passes Issued (Senior Pass)	24	18	16	14	17	13	9	6	11	9
Library										
Volumes in collection	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905
Total volumes borrowed	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250
Water										
New connections	7	3	10	6	8	21	-	14	6	25
Water main breaks	4	5	10	7	6	3	2	8	4	6
Average daily consumption (thousands of gallons)	821	920	819	821	815	823	825	863	856	853
Peak daily consumption (thousands of gallons)	1,900	2,100	2,120	2,115	1,900	1,950	1,940	1,448	1,380	1,910
Wastewater										
Average daily sewage treatment (thousands of gallons)	1,456	1,473	753	748	748	761	748	801	809	843

Sources: Various city departments.

**City of Orange City
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	4	4	4	4	4	4	4	4	4	4
Fire Station	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (miles)	47	49	49	50	51	52	52	53	55	57
Streetlights	927	928	933	938	942	961	961	985	985	993
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
Aceage	230	230	230	230	230	230	230	230	230	230
Playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	2	2	2	2	2	2	2	3	3	3
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	47	49	49	49	49	50	50	50	52	54
Fire Hydrants	282	285	285	285	285	288	288	291	295	298
Storage capacity (thousands of gallons)	950	950	1,120	1,120	1,120	1,120	1,120	1,120	1,200	1,200
Wastewater										
Sanitary Sewers (miles)	41	43	43	43	43	44	44	47	49	51
Storm Sewer (miles)	19	21	21	21	21	23	23	28	30	33
Treatment capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

Sources: Various city departments

**City of Orange City
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	6,004	\$ 30,143	\$ 22,142	28.5	16	1940	4.1%
2012	6,004	30,143	22,142	28.5	16	1940	4.1%
2013	6,004	30,143	20,768	29	16	1940	3.4%
2014	6,004	30,143	20,768	29.0	16	1940	2.9%
2015	6,004	30,143	20,768	29.0	16	1940	2.9%
2016	6,004	30,143	20,768	29.0	16	1940	2.1%
2017	6,004	30,143	20,768	29.0	16	1940	1.7%
2018	6,004	30,143	20,768	29.0	16	1940	1.7%
2019	6,004	30,143	20,768	29.0	16	1940	1.7%
2020	6,004	\$ 30,143	\$ 20,768	29.0	16	1940	1.7%

Sources: Population, median age, and educational level information provided by the United States Census Bureau. School enrollment data provided by the Orange City school districts.

Note: Personal Income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the City Council
City of Orange City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Orange City, Iowa's basic financial statements and have issued our report thereon dated December 22, 2020. Our report includes a reference to other auditors who audited the financial statements of the Orange City Area Health System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting:

In planning and performing our audit of the financial statements, we considered the City of Orange City, Iowa's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Orange City, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orange City, Iowa's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detects and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *Significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as 2020-001 that we consider to be a material weakness.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Orange City, Iowa's Response to Findings

City of Orange City, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. The City of Orange City, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 22, 2020

CITY OF ORANGE CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2020

Part I: Summary of the Independent Auditors' Results

- (a) An unmodified opinion was issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.
There were no prior year audit findings.

Material Weakness:

2020-001 **Financial Reporting – Material Adjusting Journal Entries**

Condition and Criteria – The auditors were required to propose and have management post adjusting entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

Part III: Other Findings Related to Required Statutory Reporting

III-A-20 **Certified Budget**

Condition and Criteria – City expenditures during the year ended June 30, 2020, exceeded amounts budgeted in the Capital Projects, Debt Service, and Business-Type Activity functions.

Effect – The City is not in compliance with Chapter 384.18 of the Code of Iowa.

CITY OF ORANGE CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2020

Part III: Other Findings Related to Required Statutory Reporting - (Continued)

Cause – The City approved a budget amendment on May 18, 2020. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Views of Responsible Officials – The budget will be amended in the future, if applicable.

- III-B-20 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-C-20 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure the coverage is adequate for current operations.
- III-D-20 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-E-20 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-F-20 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-G-20 - Business Transactions – No business transactions between the City and city officials were noted during the course of the audit.
- III-H-20 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-I-20 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.
- III-J-20 - Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

